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Pt. 5



INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

U.S. Congress

HEARINGS

BEFORE THE
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE
UNITED STATES SENATE
EIGHTY-FIRST CONGRESS
SECOND SESSION
AND
EIGHTY-SECOND CONGRESS
FIRST SESSION
PURSUANT TO

S. Res. 202

(81st Congress)

A RESOLUTION AUTHORIZING AN INVESTIGATION OF
ORGANIZED CRIME IN INTERSTATE COMMERCE

PART 5

ILLINOIS

SEPTEMBER 9; OCTOBER 5, 6, 7, 17, 18, 19; DECEMBER 18, 19, 20, 1950;
JANUARY 5, 19, 1951

Printed for the use of the Special Committee To Investigate
Organized Crime in Interstate Commerce



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INTERSTATE COMMERCE

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LESTER C. HUNT, Wyoming

ALEXANDER WILEY, Wisconsin

RUDOLPH HALLEY, *Chief Counsel*

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² On file with committee.

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

SATURDAY, SEPTEMBER 9, 1950

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED
CRIME IN INTERSTATE COMMERCE,
Washington, D. C.

EXECUTIVE SESSION

The committee met, pursuant to call of the chairman, at 10 a. m., in room 457, Senate Office Building, Senator Estes Kefauver (chairman) presiding.

Present: Senators Kefauver, Wiley, and Hunt.

Also present: Rudolph Halley, chief counsel, and George Robinson, associate counsel.

The CHAIRMAN. The committee will come to order.

Do you solemnly swear that the testimony you are about to give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CAMPAGNA. I do.

Mr. DeLUCIA. I do.

The CHAIRMAN. All right, Mr. Robinson, will you proceed.

TESTIMONY OF PAUL DeLUCIA, ALIAS RICCA, RIVER FOREST, ILL.

Mr. ROBINSON. Will you state your full name, please?

Mr. DeLUCIA. Paul DeLucia.

Mr. ROBINSON. Are you known by any other name?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. What are the other names?

Mr. DeLUCIA. Ricca and Salvi.

Mr. ROBINSON. What is your present address?

Mr. DeLUCIA. River Forest, Ill.

The CHAIRMAN. How many different names did you use?

Mr. DeLUCIA. I don't know. Any place I go I mention any name that comes to my mind.

Senator WILEY. What did you do that for?

Mr. DeLUCIA. Oh, just a habit.

Senator WILEY. Just a habit?

(No response.)

The CHAIRMAN. How old are you?

Mr. DeLUCIA. I am 52, 51.

Mr. ROBINSON. You were served with a subpoena on the 5th day of September to appear before the committee and produce certain records; is that correct?

Mr. DeLUCIA. Yes, sir.

Mr. ROBINSON. Do you have those records with you?

Mr. DeLUCIA. Yes, sir.

Mr. ROBINSON. Would you produce them?

Mr. Chairman, may I offer in evidence the subpoena?

The CHAIRMAN. Yes; the subpoena will be received in evidence. It describes upon the face of it the records that the witness has been required to bring. It will be put in the record at this point as exhibit No. 1.

(Exhibit No. 1 appears in the appendix on p. 1379.)

Mr. DeLUCIA. May I explain something? The subpoena was to bring the records for 10 years. I only got the records from 1947. That is the day I came out from the penitentiary. Before that I was 3 years and 8 months in the penitentiary, and during that time there was a tax settlement, so all the records I don't have any more. I can only give you the records since I came out.

Mr. ROBINSON. When did you go to the penitentiary?

Mr. DeLUCIA. 1944—the last day of 1943.

Mr. ROBINSON. When did you come out?

Mr. DeLUCIA. 1947.

Mr. ROBINSON. I understand these records which you are producing are only from the time that you came out of the penitentiary.

Mr. DeLUCIA. Yes; that is all I have.

Mr. ROBINSON. You have no records from 1940 until the time that you went into the penitentiary?

Mr. DeLUCIA. No; I filed my income tax regularly but I haven't got them.

Mr. ROBINSON. You have no canceled checks for that period?

Mr. DeLUCIA. No; that is all gone.

Mr. ROBINSON. Did you have any canceled checks?

Mr. DeLUCIA. Oh, sure.

Mr. ROBINSON. Where are they?

Mr. DeLUCIA. I don't know. When I come out, I was told by my lawyer that the old records were no good any more and they were all settled and I could do what I want.

Senator WILEY. Who told you that?

Mr. DeLUCIA. My lawyer.

Senator WILEY. Who is your lawyer?

Mr. DeLUCIA. Bernstein. The tax man told me the records were no good any more so I just got rid of them.

Senator WILEY. Give me the name of that lawyer.

Mr. DeLUCIA. Bernstein, Eugene Bernstein. He is a tax man. He is the fellow who took my income-tax case with the Government?

Senator WILEY. Was he a Government man?

Mr. DeLUCIA. No; he was my lawyer.

Senator WILEY. Chicago?

Mr. DeLUCIA. Yes. I got those records from him when I came out.

Senator WILEY. Did you have any Kansas City lawyer?

Mr. DeLUCIA. No.

Senator WILEY. No?

Mr. DeLUCIA. No.

Mr. ROBINSON. Did you destroy the records or did Mr. Bernstein?

Mr. DeLUCIA. I did. I got a room and got rid of them.

Mr. ROBINSON. When did you destroy them?

Mr. DeLUCIA. Shortly after I come out. Shortly after he gave them to me.

Mr. ROBINSON. Shortly after you came out?

Mr. DeLUCIA. Shortly after he give them to me.

Mr. ROBINSON. Can you fix the approximate time when you did destroy them, what year?

Mr. DeLUCIA. I think 1947, the latter part of 1947.

Mr. ROBINSON. You destroyed the records that you had from 1940 up until the time that you went into the penitentiary in 1947; is that right?

Mr. DeLUCIA. No. Let me explain this. Mr. Bernstein told me that my income-tax case was cleared up to 1943. All my tax with the Government was settled up to 1943. That was the year I went to jail. After that I was 3 years and 8 months in jail, and of course I had nothing to show, so when he gave me the records, he said, "You can do as you want with the records, the records are worthless, the tax is settled," and that is all.

Mr. ROBINSON. Did Mr. Bernstein tell you to destroy them?

Mr. DeLUCIA. No; he told me they are useless and do what you want.

Mr. ROBINSON. Let us get it clear. During the time from 1940 to the time you went to the penitentiary, was Mr. Bernstein preparing your income-tax returns?

Mr. DeLUCIA. No; not from 1940.

Mr. ROBINSON. I am saying from 1940 until the time you went into the penitentiary.

Mr. DeLUCIA. No. He got my case when I was in jail.

Mr. ROBINSON. Who prepared your tax returns from 1940 to the time you went to jail?

Mr. DeLUCIA. Myself.

Mr. ROBINSON. You prepared them yourself?

Mr. DeLUCIA. Yes, sir.

Mr. ROBINSON. And you have no cancelled checks, no books showing receipts and expenditures for the period from 1940 until the time you went into the penitentiary?

Mr. DeLUCIA. Yes; that is right.

Mr. ROBINSON. You destroyed all of them?

Mr. DeLUCIA. Yes, sir.

Mr. ROBINSON. Did you keep such books?

Mr. DeLUCIA. Oh, yes; I had a checkbook with Northern Trust. You know those records. After all, them days there was nothing for me to keep.

Mr. ROBINSON. Did you have a bank account at that time?

Mr. DeLUCIA. Yes; with the Northern Trust.

Mr. ROBINSON. Did you have bank statements?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Did you destroy all the bank statements?

Mr. DeLUCIA. Yes. The Northern Trust.

Mr. ROBINSON. Did you destroy all check stubs?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Did you destroy all the copies of your tax returns for that period?

Mr. DeLUCIA. Whatever I got from him, I destroyed. It was all that he had. He had all the stuff to prepare my case with the Tax

Court. So I got those records back, and he said, "Do what you want," and I destroyed them.

Mr. ROBINSON. During that time that you were in the penitentiary, did somebody operate your business for you?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Who?

Mr. DeLUCIA. They did not operate it. I rent my farm to Francis Corri, and I got \$7 an acre rent. That was filed.

Mr. ROBINSON. Who kept the books for you while you were in the penitentiary?

Mr. DeLUCIA. Bernstein.

Mr. ROBINSON. Where are the books that were kept at the time you were in the penitentiary?

Mr. DeLUCIA. Them 3 years went together with all the stuff he gave me. Naturally I got rid of all that.

Mr. ROBINSON. You destroyed all that at the time you came out of the penitentiary?

Mr. DeLUCIA. Yes; from the time I come out, there it is [indicating].

Mr. ROBINSON. Now, when Mr. Bernstein was preparing your tax returns, what information did you submit to him as a basis for preparing the returns?

Mr. DeLUCIA. It was very easy. The rent I was getting from the farm was so much. I think it was about 6 or 7 thousand dollars a year.

The CHAIRMAN. How did you destroy the records? Did you throw them away or burn them?

Mr. DeLUCIA. I burned them. They were useless. I didn't know this was going to come up.

The CHAIRMAN. Did you burn them?

Mr. DeLUCIA. Yes; I burned them.

Mr. ROBINSON. Would you take these records and describe what each one is?

Mr. DeLUCIA. This is the book where all the people work, their security number and all that.

The CHAIRMAN. Will you identify them as we go along for the record, so we can put them in as exhibits?

Mr. ROBINSON. Yes.

Mr. DeLUCIA. These are my income tax.

The CHAIRMAN. Let this be marked as "Exhibit No. 2."

(Exhibit No. 2 was returned to witness after analysis by the committee.)

Mr. ROBINSON. Directing your attention to exhibit 2, would you describe what that book is?

Mr. DeLUCIA. You know I am not familiar with the book because Bernstein kept it. That is supposed to be the agenda where the men work and how much they get a year. You know, you are supposed to report to the Government how much you pay them a year. If you pay over \$500, you have to report that, and their security number.

Mr. ROBINSON. On exhibit 2, when did you start keeping that book?

Mr. DeLUCIA. In 1947. What is there, I am not very much familiar. He has been taking care of all that.

Mr. ROBINSON. Who keeps the book for you?

Mr. DeLUCIA. Bernstein.

Mr. ROBINSON. All right.

The CHAIRMAN. All right, let us go on with the next exhibit. That will be made exhibit No. 2 to the testimony.

Mr. ROBINSON. What are those papers?

Mr. DeLUCIA. These are the income-tax returns.

Mr. ROBINSON. For what period?

Mr. DeLUCIA. 1947, 1948, 1949.

The CHAIRMAN. That will be exhibit No. 3.

Mr. ROBINSON. These two red books are marked "Exhibit No. 4."

The CHAIRMAN. Those will be combined as exhibit No. 4.

(Exhibits Nos. 3 and 4 were later returned to witness.)

Mr. ROBINSON. What are those?

Mr. DeLUCIA. That is all the expense.

Mr. ROBINSON. Exhibits 4 and 5 pertain to what?

Mr. DeLUCIA. To the farm—my business.

Mr. ROBINSON. Do you have any books or records showing interest held in any property or any business other than the ones you have submitted?

Mr. DeLUCIA. No. I own no interest. I only own about 170 shares or 180 shares of Bank of America. I think that is in there, too. Those shares turn dividends, and that is coming in, and I turn that in. Anyway I have about 170 or 180 shares of Bank of America stock. That book does not show my house at River Forest and my house at Long Beach.

Mr. ROBINSON. You receive income from those properties?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Do you have any correspondence relating to any of these documents?

Mr. DeLUCIA. What?

Mr. ROBINSON. Do you have any correspondence relating to any of these documents?

The CHAIRMAN. Any letters.

Mr. DeLUCIA. Anything that is there can be backed up with checks or bills.

Mr. ROBINSON. Do you have the canceled checks?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Where are they?

Mr. DeLUCIA. I did not bring them with me. If you want them, I will bring them. I didn't think it was necessary.

Mr. ROBINSON. Do you have those?

Mr. DeLUCIA. Yes, sir.

Mr. ROBINSON. Do you have them in your possession?

Mr. DeLUCIA. All the records from 1947, I got.

Mr. ROBINSON. Do you have them in your possession?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Does Mr. Bernstein?

Mr. DeLUCIA. I have.

Mr. ROBINSON. Why were those not produced?

Mr. DeLUCIA. I didn't know you needed it. That is all there. I didn't know you wanted that.

Mr. ROBINSON. They are called for by the subpena, that is, the canceled checks.

Mr. DeLUCIA. I am sorry. I did not understand that.

The CHAIRMAN. Will you send or bring in the canceled checks as Mr. Robinson directs?

Mr. DeLUCIA. Certainly.

Mr. ROBINSON. Do you have any other documents besides the canceled checks that you did not produce?

Mr. DeLUCIA. What other documents are you talking about?

Mr. ROBINSON. Do you have any bank statements?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Will you produce all of those statements?

Mr. DeLUCIA. Certainly.

Mr. ROBINSON. What properties do you presently own, Mr. DeLucia?

Mr. DeLUCIA. I own a house in Long Beach and a house at River Forest.

The CHAIRMAN. Where is that?

Mr. DeLUCIA. Illinois. And the farm in Illinois.

The CHAIRMAN. Where is the farm?

Mr. DeLUCIA. In Kendall County, Ill.

Mr. ROBINSON. How large is the farm?

Mr. DeLUCIA. 1,100 acres.

Mr. ROBINSON. What is the value of it?

Mr. DeLUCIA. Well, you mean right now?

Mr. ROBINSON. If you know?

Mr. DeLUCIA. They just sold some land around there for \$450 an acre, so you can figure it out.

Mr. ROBINSON. Did you buy that farm?

Mr. DeLUCIA. Yes, sir.

Mr. ROBINSON. When did you buy it?

Mr. DeLUCIA. I think in 1941 or 1942.

Mr. ROBINSON. How much did you pay for it?

Mr. DeLUCIA. I paid \$130 an acre from the Prudential Co. I paid down \$35,000 and year by year I have been paying the mortgage. I think I still owe about \$80,000.

Mr. ROBINSON. How much improvements have you put on it?

The CHAIRMAN. What was the total purchase price?

Mr. DeLUCIA. \$130,000, something around there.

Mr. ROBINSON. How much improvements have you put on it?

Mr. DeLUCIA. Oh, I would say over \$100,000.

Mr. ROBINSON. Since 1947?

Mr. DeLUCIA. Yes, sir. I build something previous to that, but most of the building I did from 1947 on.

Mr. ROBINSON. You put \$100,000 improvements on it since 1947?

Mr. DeLUCIA. Maybe more than that. Don't keep me to it.

Mr. ROBINSON. Approximately.

Mr. DeLUCIA. Yes.

Mr. ROBINSON. How much improvement did you put on it before 1947?

Mr. DeLUCIA. Well, I suppose I build a corn crib there about \$4,500. It is too far gone. I believe \$10,000 or something like that. I wouldn't know for sure.

Senator WILEY. When you bought the farm, did you buy any cows, horses, or machinery?

Mr. DeLUCIA. No; you see, the insurance company had that.

Senator WILEY. You just bought the land?

Mr. DeLUCIA. They had it rented. I bought the land.

Senator WILEY. How much do you have on it now in horses, cows, machinery, and so forth?

Mr. DeLUCIA. Oh, I got about 120 steers—not milk cows, but heifers, steers, you know; about 300 pigs; about two or three hundred chickens, horses.

Senator WILEY. Machinery?

Mr. DeLUCIA. Huh?

Senator WILEY. Machinery?

Mr. DeLUCIA. Yes.

Senator WILEY. How much did you spend for all that?

Mr. DeLUCIA. It is all in there, Senator. I wouldn't know.

Mr. ROBINSON. Do you receive any revenue from the farm?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Approximately how much do you receive annually in revenue from the farm?

Mr. DeLUCIA. It is in the income tax. I had a little memorandum. I think the first year was \$8,000, or something like that, the second year \$25,000, the third year was \$42,000, or something like that.

Mr. ROBINSON. What year did you receive \$42,000?

Mr. DeLUCIA. Last year. That is all in there on the income tax.

Mr. ROBINSON. What is the property that you have at River Forest?

Mr. DeLUCIA. That is a house and a lot.

Mr. ROBINSON. Is that your residence?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. When did you acquire that?

Mr. DeLUCIA. 1938.

Mr. ROBINSON. How much did you pay for it?

Mr. DeLUCIA. \$25,000. I paid \$25,000 for the house and I paid about \$4,000 for the lot. It was a good buy.

Mr. ROBINSON. How much improvements have you put on that?

Mr. DeLUCIA. On the house I put around \$30,000 improvement and on the lot, which cost me around \$4,000 as close as I remember, that is to improve. It was all a mess. I leveled it off.

Senator WILEY. Did you build the house?

Mr. DeLUCIA. No; I built an addition to the house.

Mr. ROBINSON. What was the value of the other property at Long Beach?

Mr. DeLUCIA. I bought a house for \$14,000. I bought that in 1934. I remember that. Since then I made some improvement and all that. Then I bought about four extra lots. Do you want to know the value now?

Mr. ROBINSON. If you know.

Mr. DeLUCIA. The house burned down, and I only got a caretaker house there, so you can figure for yourself. I don't know. It probably went up a lot. I suppose I can get forty or fifty thousand dollars for that place if I wanted to sell it.

Mr. ROBINSON. What other property do you have?

Mr. DeLUCIA. That is about all.

Mr. ROBINSON. "That is about all." Is there any other that you do have?

Mr. DeLUCIA. No, sir.

Senator WILEY. Stocks and bonds?

Mr. DeLUCIA. Yes, I have stocks. I have about \$11,000 worth of stock.

Senator WILEY. What company?

Mr. DeLUCIA. Government stock, what you call it, war bonds.

Mr. ROBINSON. Government bonds.

Mr. DeLUCIA. Yes, sir.

Mr. ROBINSON. Do you have any other bonds?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Do you have any stock?

Mr. DeLUCIA. Stock I told you.

Senator WILEY. Bank of America.

Mr. DeLUCIA. Yes, and I think I have two or three shares of the Farmer Grange company. That is a mutual affair there. You bring your stuff in and you get a dividend there every year. You buy from them. It is a Farmer Grange company.

Mr. ROBINSON. Approximately what is the total value of the stock you have?

Mr. DeLUCIA. The Bank of America today costs about \$27 a share.

Mr. ROBINSON. How many shares did you say you have?

Mr. DeLUCIA. About 180.

Mr. ROBINSON. That is all the stock you own?

Mr. DeLUCIA. That is all I can recall.

Senator WILEY. How about cash? How much cash do you have?

Mr. DeLUCIA. How much cash I got. Do I have to tell you that, sir?

Mr. HALLEY. Yes.

Mr. DeLUCIA. I don't know. I think I got about close to \$40,000.

Senator WILEY. In cash?

Mr. DeLUCIA. Yes.

Senator WILEY. Do you have any safety deposit boxes?

Mr. DeLUCIA. No; I got it in the room or some other place.

Senator WILEY. Where is it?

Mr. DeLUCIA. If I tell you, you can't get it out of there anyway.

The CHAIRMAN. This is an executive session.

Mr. DeLUCIA. Do I have to tell it?

The CHAIRMAN. You have to tell it.

Mr. DeLUCIA. I got it home.

Senator WILEY. Do you have any safety deposit boxes in any banks?

Mr. DeLUCIA. Yes.

Senator WILEY. What bank?

Mr. DeLUCIA. First National Bank.

Senator WILEY. Any other bank?

Mr. DeLUCIA. No, sir.

Senator WILEY. First National Bank of Chicago?

Mr. DeLUCIA. Yes.

Mr. HALLEY. What do you keep in your safety deposit box?

Mr. DeLUCIA. All the documents and stuff.

Mr. HALLEY. Any cash?

Mr. DeLUCIA. I keep money there, too.

Mr. HALLEY. Do you have cash there now, too?

Mr. DeLUCIA. Not now.

Mr. HALLEY. Do you own any diamonds?

Mr. DeLUCIA. My Mrs. has.

Mr. HALLEY. Will you estimate the value of the diamonds?

Mr. DeLUCIA. Now, I don't know what she has. She has a ring—

Mr. HALLEY. Would you estimate the value of the diamond?

Mr. DeLUCIA. No. A bracelet or something like that.

Mr. HALLEY. What is your best estimate of the value? What did you pay for them altogether?

Mr. DeLUCIA. I don't know about the pricing of those things. It was kind of a small affair.

The CHAIRMAN. \$5,000 or \$10,000?

Mr. DeLUCIA. I would say around four or five thousand dollars, something like that.

Senator WILEY. That is your wife you are talking about?

Mr. DeLUCIA. Yes.

Senator WILEY. Did you make any gifts to anybody else during this period since you came out?

Mr. DeLUCIA. No.

Senator WILEY. Does your wife have any stock in her name?

Mr. DeLUCIA. No.

Senator WILEY. Any property?

Mr. DeLUCIA. The house at River Forest and the house at Long Beach is in her name and the farm is in my name and her name.

Senator WILEY. Does she have a safety deposit box?

Mr. DeLUCIA. No; we have a joint deposit box.

Senator WILEY. Have you given to her any other property except what you mentioned?

Mr. DeLUCIA. No, sir.

Senator WILEY. Have you any children?

Mr. DeLUCIA. Yes, sir.

Senator WILEY. How many?

Mr. DeLUCIA. Three.

Senator WILEY. What have you done for them?

Mr. DeLUCIA. Well, the one is married.

Senator WILEY. I understand. But what have you given to them, or conveyed to them? Have you given them any property?

Mr. DeLUCIA. No.

Senator WILEY. Any stock?

Mr. DeLUCIA. Oh, I had a trust fund for them.

Senator WILEY. How much did you set that up for?

Mr. DeLUCIA. \$20,000.

Senator WILEY. When did you do that?

Mr. DeLUCIA. 1936.

Senator WILEY. Have you set up any other funds since?

Mr. DeLUCIA. For my boy, \$20,000 at the same time.

Senator WILEY. One boy and one girl?

Mr. DeLUCIA. Yes.

Senator WILEY. That was in 1936?

Mr. DeLUCIA. Yes.

Senator WILEY. Have you put any money in it since then?

Mr. DeLUCIA. No, not since then.

Senator WILEY. Do you carry any insurance?

Mr. DeLUCIA. Yes.

Senator WILEY. Life insurance?

Mr. DeLUCIA. Yes.

Senator WILEY. How much are the premiums on your life insurance?

Mr. DELUCIA. With the Northwest Wisconsin.

Senator WILEY. That is a good company.

Mr. DELUCIA. I think I pay about seven or eight hundred dollars a year. It is a \$20,000 policy. There are different ones, five, five, and ten.

Senator WILEY. That is all you carry?

Mr. DELUCIA. Yes, as far as I recall.

The CHAIRMAN. Very well. Let us proceed.

Mr. DELUCIA. My boy, the little one, I took a policy—I was going to take the same policy for the little boy, and I was paying \$2,000 a year, but I dropped it since 1940 or 1939.

Senator WILEY. This book indicates your income since you came out of prison?

Mr. DELUCIA. Yes.

Senator WILEY. You were paroled, were you not?

Mr. DELUCIA. Yes.

Senator WILEY. And that is your only source of income, that which you have enumerated here?

Mr. DELUCIA. Yes.

Senator WILEY. From your farm and from your stocks.

Mr. DELUCIA. Yes, sir.

Senator WILEY. Any other sources?

Mr. DELUCIA. No, sir.

Senator WILEY. And from the you have made all the improvements and investments since 1947?

Mr. DELUCIA. No, I put my money in there.

Senator WILEY. You had some money when you went to the penitentiary?

Mr. DELUCIA. Yes.

Senator WILEY. How much did you have when you went to the penitentiary?

Mr. DELUCIA. Three hundred thousand dollars.

Senator WILEY. Who paid the fine?

Mr. DELUCIA. I don't know.

Senator WILEY. There was \$10,000 paid.

Mr. DELUCIA. Yes, sir.

Senator WILEY. You never found out who paid it?

Mr. DELUCIA. No, sir.

Senator WILEY. You have no suspicion?

Mr. DELUCIA. No.

Senator WILEY. Who was your attorney in your parole case?

Mr. DELUCIA. What do you mean?

Senator WILEY. When you came out of prison you were paroled.

Mr. DELUCIA. Yes.

Senator WILEY. How big a sentence did you get?

Mr. DELUCIA. Ten years.

Senator WILEY. You served 3 years?

Mr. DELUCIA. Yes, sir.

Senator WILEY. You are out on parole now?

Mr. DELUCIA. Yes.

Senator WILEY. You were not pardoned?

Mr. DELUCIA. That is right.

Senator WILEY. Who was your attorney?

Mr. DELUCIA. That story is well known. It is Mr. Dillon.

Senator WILEY. Where is he, from St. Louis?

Mr. DELUCIA. Yes.

Senator WILEY. St. Louis, Mo.?

Mr. DELUCIA. Yes.

Senator WILEY. What is his first name?

Mr. DELUCIA. I don't know. I don't know his first name.

Senator WILEY. How much did you pay him?

Mr. DELUCIA. After I came out we paid him \$10,000. Campagna paid \$5,000 and I paid \$5,000.

Senator WILEY. And when you went in, you had \$300,000 in cash?

Mr. DELUCIA. Yes.

Senator WILEY. Where was that stored?

Mr. DELUCIA. I put it away some place.

Senator WILEY. Where?

Mr. DELUCIA. In my house.

Senator WILEY. Do you have special vaults in your house?

Mr. DELUCIA. No.

Senator WILEY. How did you accumulate the \$300,000.

Mr. DELUCIA. Gambling.

Senator WILEY. Was it involved in relation to pressure put on the moving-picture concern?

Mr. DELUCIA. No. I never got anything from the movie picture but jobs.

Senator WILEY. What kind of gambling was it?

Mr. DELUCIA. Horses, dice, and all that.

Mr. ROBINSON. Do you have a son-in-law?

Mr. DELUCIA. Yes.

Mr. ROBINSON. What business is he in?

Mr. DELUCIA. Electrical business.

Mr. ROBINSON. How much did you put in that business?

Mr. DELUCIA. I didn't put nothing in it.

Mr. ROBINSON. Didn't you set him up in that business?

Mr. DELUCIA. No, sir.

Mr. ROBINSON. How did he finance it?

Mr. DELUCIA. He was in the Army. He had some money saved. He came out. He didn't have much to invest there anyway.

Mr. ROBINSON. You never put any money into that business?

Mr. DELUCIA. No, sir.

Mr. ROBINSON. How much have you had in cash in your home at any one time?

Mr. DELUCIA. Well, the most I had was \$300,000.

Mr. ROBINSON. When did you have that, at the time you went into the penitentiary?

Mr. DELUCIA. I had that mixed up, you see. I had some in the box and some at home. When I went away, I took it out of the box and I put it away.

Mr. ROBINSON. How much have you had in the safe-deposit box in cash at any one time?

Mr. DELUCIA. I had \$100,000 sometimes.

Mr. ROBINSON. You never had any more than that?

Mr. DELUCIA. Oh, maybe more. I don't recall those things. That is a long time ago.

Mr. ROBINSON. How long ago?

Mr. DeLUCIA. That is around 1940 or 1941, something like that.

Mr. ROBINSON. Did you have a safe-deposit box during the 1930's?

Mr. DeLUCIA. I don't remember now how long I got the box. I think I had it before, around 1938 or 1939, something like that.

Mr. ROBINSON. Did you know Mr. Dillon before you went into the penitentiary?

Mr. DeLUCIA. No.

Mr. ROBINSON. Do you know how he was retained?

Mr. DeLUCIA. Well, I understand Mrs. Campagna knowed somebody in St. Louis and she made the connection and Mr. Dillon went for us. That story is well known.

Mr. ROBINSON. You had nothing to do with it yourself?

Mr. DeLUCIA. No, sir; I paid him after I got out. I paid my share of \$5,000.

Mr. HALLEY. Does anybody owe you any money today?

Mr. DeLUCIA. Yes; the farmer owes me \$5,000.

Mr. HALLEY. Does anybody owe you sums in excess of \$10,000?

Mr. DeLUCIA. No.

Mr. HALLEY. Nobody whatsoever?

Mr. DeLUCIA. No.

Senator WILEY. What did you mean by saying that story is well known, referring to Dillon?

Mr. DeLUCIA. It was investigated by the House committee, and all that.

Senator WILEY. Do you know the facts?

Mr. DeLUCIA. That is all I know.

Mr. ROBINSON. Do you have any interest in any other business since you came out of the penitentiary?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. And you have listed all the stock and all the property that you had.

Mr. DeLUCIA. That is right.

Mr. ROBINSON. What interest did you have prior to the time that you went to the penitentiary in businesses?

Mr. DeLUCIA. No interest whatsoever.

Mr. ROBINSON. Did you ever have any interest in any gambling establishments in Chicago?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Never at any time?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Did you ever receive any revenue or any income from any gambling establishments?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. You mentioned that you received some money from gambling.

Mr. DeLUCIA. Yes, sir; my own gambling.

Mr. ROBINSON. How did you receive that?

Mr. DeLUCIA. I done my own gambling.

Mr. ROBINSON. Just how?

Mr. DeLUCIA. I used to go out to the race track. Somebody wants to put out a lot of money and somebody wants to bet \$10,000 on a horse, and if he put it in the totalizer, naturally the price go down, so I used to hold the bet. If I thought it was all right, I hold it.

Mr. ROBINSON. Were you a betting commissioner?

Mr. DeLUCIA. No; I was betting for myself.

Mr. ROBINSON. Where did you place the bets?

Mr. DeLUCIA. With myself.

Mr. ROBINSON. Did you handle bets for anyone else?

Mr. DeLUCIA. Why, sure. No; what do you mean by anyone else?

You mean they bet with me? Yes.

Mr. ROBINSON. Who bet with you?

Mr. DeLUCIA. A lot of people bet with me. I don't recall. That is a long time ago.

Mr. ROBINSON. Can you recall anyone of the larger bettors with you?

Mr. DeLUCIA. Yes; Al Capone was one.

Mr. ROBINSON. Who else?

Mr. DeLUCIA. I don't know. I didn't have many of those people. A lot of people would come. There is a lot of touts come around and make bets.

Mr. ROBINSON. Is he the only one you can remember?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Did Frank Erickson ever bet with you?

Mr. DeLUCIA. No.

Mr. HALLEY. Frank Costello?

Mr. DeLUCIA. No.

Mr. ROBINSON. How large a sum would you handle?

Mr. DeLUCIA. I would handle up to \$1,000. You see, Al was a big bettor. He would bet \$10,000 on a race, and \$5,000, but he would spread it around. Sometimes I take a piece, sometimes I don't.

Mr. ROBINSON. How large a sum would you handle in gambling over a space of a year?

Mr. DeLUCIA. That I wouldn't be able to tell you. Them days are gone. I just can't remember.

Mr. ROBINSON. Would it be \$2,000 or \$100,000 or \$50,000 or what?

Mr. DeLUCIA. You mean in a year?

Mr. ROBINSON. In a year's time.

Mr. DeLUCIA. Gee, I don't know. I suppose sometimes I would make \$100,000 a year or something like that, sometimes less.

Senator WILEY. You would make that much clear?

Mr. DeLUCIA. Sure.

Mr. ROBINSON. How much would you handle?

Mr. DeLUCIA. I wouldn't know. That is a thing that I don't recall.

The CHAIRMAN. A million dollars or two million?

Mr. DeLUCIA. No, not a million dollars. I don't know. I just lost all track of that stuff. After all, I haven't bothered for the last 7 or 8 years with that stuff.

Mr. ROBINSON. Would you handle three or four hundred thousand dollars during the course of a year?

Mr. DeLUCIA. Between losing and winning, because you lose, too, you have to think of that.

Mr. ROBINSON. That is right.

Mr. DeLUCIA. I don't know.

The CHAIRMAN. It goes without saying that if you made \$100,000—

Mr. DeLUCIA. The way I used to do it, I put the money away, and at the end of the year what I win, I win. That is all.

Mr. ROBINSON. Did you receive any other income from anything else except from gambling?

Mr. DeLUCIA. No; that is all I made my money.

Mr. ROBINSON. Did you ever have any interest in the liquor business?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. In the beer business?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. At no time did you ever have any interest or receive any income from the sale of liquor or the manufacture of liquor?

Mr. DeLUCIA. No, sir.

Senator WILEY. When did you come to this country?

Mr. DeLUCIA. 1920.

Senator WILEY. Did you ever have any interest in the white-slave trade?

Mr. DeLUCIA. No, no.

Senator WILEY. Who did you marry?

Mr. DeLUCIA. I married a girl, a home girl.

Senator WILEY. An Italian?

Mr. DeLUCIA. Yes.

Senator WILEY. Born in this country?

Mr. DeLUCIA. No, she came here when she was about 6 years old.

Senator WILEY. Are you an American citizen?

Mr. DeLUCIA. Yes.

Senator WILEY. When did you get your full citizenship papers?

Mr. DeLUCIA. In 1927 or 1928.

Senator WILEY. When did you start in the gambling business?

Mr. DeLUCIA. Well, I think it was around, the heavy part was around 1929 or so, from 1929 on.

Mr. ROBINSON. Are you a relative of Al Capone?

Mr. DeLUCIA. No.

Mr. ROBINSON. No family relationship?

Mr. DeLUCIA. No.

Mr. ROBINSON. When did you first come to Chicago?

Mr. DeLUCIA. 1920.

Mr. ROBINSON. What were you doing at that time in Chicago?

Mr. DeLUCIA. I was working with the Dandy Theater. There was an Italian theater in the street, and I was working there.

Mr. ROBINSON. Were you a waiter there?

Mr. DeLUCIA. No, that was a theater, Italian theater. Then I went to work at the Belanapoli Restaurant. That is an Italian restaurant.

Mr. ROBINSON. You were a waiter there?

Mr. DeLUCIA. No, I was day manager there.

Mr. ROBINSON. Where did you work after that?

Mr. DeLUCIA. After that I started to make friends and I started to get in the gambling business.

Mr. ROBINSON. What friends did you make?

Mr. DeLUCIA. Well, fellows that gambled.

Mr. ROBINSON. Name some of them.

Mr. DeLUCIA. Al used to come there—Al Capone, and Frank Nitti.

Mr. ROBINSON. Who else?

Mr. DeLUCIA. Who else? That is all I can remember.

Mr. ROBINSON. When did you first make the acquaintance of Nitti?

Mr. DeLUCIA. About that time.

- Mr. ROBINSON. What year was that?
- Mr. DeLUCIA. 1928 or 1929, something like that.
- Mr. ROBINSON. Did you go to work for Nitti?
- Mr. DeLUCIA. No; we were friends.
- Mr. ROBINSON. Were you ever engaged in any activity with Nitti, business activities?
- Mr. DeLUCIA. No, sir; outside of being friends.
- Mr. ROBINSON. Did you ever work for Capone?
- Mr. DeLUCIA. No; I was friends with Capone.
- Mr. ROBINSON. How much were you taking at that time?
- Mr. DeLUCIA. There you go. You go into this stuff. I would not be able to tell, I don't remember.
- Mr. ROBINSON. What was Nitti's business?
- Mr. DeLUCIA. Nitti? Oh, Nitti had money of his own. I don't know. He was never in need of any money or something like that.
- Mr. ROBINSON. Where did he get it?
- Mr. DeLUCIA. I don't know.
- Mr. ROBINSON. Were you a very close friend of his?
- Mr. DeLUCIA. I was a very close friend, I mean close friend, you know, like you get together.
- Mr. ROBINSON. You say you don't know where he got his money?
- Mr. DeLUCIA. No. Would he tell me?
- Mr. ROBINSON. You have no knowledge of where Nitti got any of his money?
- Mr. DeLUCIA. No.
- Mr. ROBINSON. Was he associated with Capone?
- Mr. DeLUCIA. He was kind of related to Capone.
- Mr. ROBINSON. What business was Capone in?
- Mr. DeLUCIA. You know Capone.
- Mr. ROBINSON. You tell me.
- Mr. DeLUCIA. I don't know.
- Mr. ROBINSON. What business was he in?
- Mr. DeLUCIA. I don't know what business he was in. All I know he was friends with me at the time, but I didn't know his business.
- Mr. ROBINSON. Did you visit back and forth with Capone?
- Mr. DeLUCIA. Yes; I used to see him at the track.
- Mr. ROBINSON. And Nitti?
- Mr. DeLUCIA. Yes.
- Mr. ROBINSON. Who were the other friends you made at that time?
- Mr. DeLUCIA. There are so many.
- Mr. ROBINSON. Name some.
- Mr. DeLUCIA. I don't remember. My mind is kind of hazy on that stuff.
- Mr. ROBINSON. Did you meet Campagna at that time.
- Mr. DeLUCIA. No; a little later on.
- Mr. ROBINSON. When did you meet Gioe?
- Mr. DeLUCIA. He was a boy from the neighborhood. I don't remember when. I know a lot of these people.
- Mr. HALLEY. When did you first meet Tony Accardo?
- Mr. DeLUCIA. He was a boy from the neighborhood too. He is now my neighbor, a few blocks from me.
- Mr. HALLEY. How long have you known Tony Accardo?
- Mr. DeLUCIA. Over 10 years, at least.

Mr. HALLEY. Did you see Tony Accardo when he came to jail to visit?

Mr. DeLUCIA. Yes.

Mr. HALLEY. That was when he posed as a lawyer?

Mr. DeLUCIA. That is right.

Mr. HALLEY. He is a good friend of yours?

Mr. DeLUCIA. Yes.

Mr. HALLEY. He was trying to work on your parole, is that right?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Did you know Charles Fischetti?

Mr. DeLUCIA. Yes.

Mr. HALLEY. How long?

Mr. DeLUCIA. I know Charles Fischetti about 20 years or so.

Mr. HALLEY. Do you know Rocco Fischetti?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Have you known him 20 years, too?

Mr. DeLUCIA. No; less than that.

Mr. HALLEY. Well, about 15?

Mr. DeLUCIA. Maybe, yes.

Mr. HALLEY. Do you know Ed Vogel?

Mr. DeLUCIA. Who?

Mr. HALLEY. Ed Vogel.

Mr. DeLUCIA. Yes.

Mr. HALLEY. Do you know him?

Mr. DeLUCIA. I see him.

Mr. HALLEY. You have known him for many years, haven't you?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Do you know Jack Guzik?

Mr. DeLUCIA. Yes.

Mr. HALLEY. How long?

Mr. DeLUCIA. For a long time.

Mr. HALLEY. Do you know Ralph Capone?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Have you known him for a long time?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Did he bet with you, too?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Hymie Levine?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Is he a good friend of yours?

Mr. DeLUCIA. Yes; but he is sick now. He is paralyzed.

Mr. HALLEY. How long have you known Levine?

Mr. DeLUCIA. About 10 or 12 years or 15 years.

Mr. HALLEY. Do you know Tony Pisano?

Mr. DeLUCIA. Yes.

Mr. HALLEY. How long have you known him?

Mr. DeLUCIA. About the same time, maybe 15 years.

Mr. HALLEY. Do you know Murray Humphreys?

Mr. DeLUCIA. Yes. All these people I know to see them, but I have never had anything to do with them.

Mr. HALLEY. But you have known them all for many years.

Mr. DeLUCIA. Yes.

Mr. HALLEY. Do you know Ralph Pearce?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Have you known him for many years?

Mr. DeLUCIA. I have known Ralph Pearce for 10 or 15 years.

Mr. HALLEY. How many of those people have you had any kind of business dealing with?

Mr. DeLUCIA. I never had any business dealing with any of them.

Mr. HALLEY. Did any of them bet with you?

Mr. DeLUCIA. No, not them.

Mr. HALLEY. How about Tony Accardo, do you have any business dealings with him?

Mr. DeLUCIA. No.

Mr. HALLEY. Never at any time?

Mr. DeLUCIA. Never.

Mr. HALLEY. Does that include betting on horse races?

Mr. DeLUCIA. No; he never bet with me.

Mr. HALLEY. You never had any business dealings with him?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Frank Costello?

Mr. DeLUCIA. Yes.

Mr. HALLEY. How long have you known Frank Costello?

Mr. DeLUCIA. I have known Frank Costello for a long time. I haven't seen him for the last 10 or 12 years.

Mr. HALLEY. How did you happen to meet Frank Costello?

Mr. DeLUCIA. I think I met him at the track.

Mr. HALLEY. What track?

Mr. DeLUCIA. I think it was the Hawthorne track here in Chicago.

Mr. HALLEY. Did you ever go out to Sportsman's Park in Chicago?

Mr. DeLUCIA. I used to; not now.

Mr. HALLEY. Do you know Bill Johnston?

Mr. DeLUCIA. No.

Mr. HALLEY. Did you ever know Bill Johnston?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know who he is?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Eddy O'Hare?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Do you know him?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Do you know John Patton?

Mr. DeLUCIA. Yes.

Mr. HALLEY. How long have you known John Patton?

Mr. DeLUCIA. Oh, I would say at least 20 years.

Mr. HALLEY. How did you happen to know John Patton?

Mr. DeLUCIA. He was around in Florida or some place like that.

Mr. HALLEY. Where in Florida did you see him, Miami?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Did you know Harry Russell?

Mr. DeLUCIA. Yes.

Mr. HALLEY. How long?

Mr. DeLUCIA. Ten or fifteen years.

Mr. HALLEY. Harry Russell is in the betting business too, isn't he?

Mr. DeLUCIA. Yes; I heard that he was.

Mr. HALLEY. Did you ever place bets with Harry Russell?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Did you place bets with him or he with you?

Mr. DeLUCIA. He had a commission house at that time.

Mr. HALLEY. In Chicago?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Wasn't he a partner of Tony Accardo?

Mr. DeLUCIA. I don't know.

Mr. HALLEY. Where was Harry Russell's commission house?

Mr. DeLUCIA. State and Lake Building.

Mr. HALLEY. When you placed bets with Harry Russell were you laying off big bets or were you betting for yourself?

Mr. DeLUCIA. I was betting for myself.

Mr. HALLEY. Did you ever lay off with Harry Russell?

Mr. DeLUCIA. Well, it depends what you want to call it. I used to be with him.

Mr. HALLEY. Did you lay off. You know the difference between betting for yourself and laying off.

Mr. DeLUCIA. I don't remember.

Mr. HALLEY. Did you ever lay off bets with anybody?

Mr. DeLUCIA. No; not very often.

Mr. HALLEY. Ever?

Mr. DeLUCIA. I don't recall that.

Mr. HALLEY. Not even once?

Mr. DeLUCIA. I wouldn't be able to recall that. I don't recall at all.

Mr. HALLEY. Is it possible?

Mr. DeLUCIA. Maybe sometime. I wouldn't say that it wasn't.

Mr. HALLEY. Do you know Joe Adonis?

Mr. DeLUCIA. No.

Mr. HALLEY. You never met him?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Meyer Lansky?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Were you ever arrested with Meyer Lansky?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Where?

Mr. DeLUCIA. He was with Lucky.

Mr. HALLEY. Lucky Luciano?

Mr. DeLUCIA. Yes.

Mr. HALLEY. In the Congress Hotel?

Mr. DeLUCIA. Yes.

Mr. HALLEY. What were you doing there?

Mr. DeLUCIA. I was in the lobby and I ran across him.

Mr. HALLEY. You know Lucky Luciano?

Mr. DeLUCIA. Yes.

Mr. HALLEY. How long have you known Lucky?

Mr. DeLUCIA. I would say about 15 years, or 15 or 16 years, something like that.

Mr. HALLEY. Do you know Jack Dragna?

Mr. DeLUCIA. Yes.

Mr. HALLEY. How long have you known him?

Mr. DeLUCIA. I met him in California on one of my trips. I ran across him in the restaurant.

Mr. HALLEY. You met Jack Dragna once in your life?

Mr. DeLUCIA. Once or twice, something like that.

Mr. HALLEY. Which is it? You are under oath; let us be accurate.

Mr. DeLUCIA. Maybe in California once or twice.

Mr. HALLEY. Did you ever go to his home?

Mr. DeLUCIA. No.

Mr. HALLEY. What restaurant did you see Jack Dragna in?

Mr. DeLUCIA. I think it was the Brown Derby. I am not sure.

Mr. HALLEY. In Los Angeles?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Do you know Adamo? They call him MoMo.

Mr. DeLUCIA. No.

Mr. HALLEY. You don't know him.

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Big Al Polizzi?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Do you know Longy Zwillman?

Mr. DeLUCIA. No.

Mr. HALLEY. Did you ever meet Zwillman?

Mr. DeLUCIA. Who?

Mr. HALLEY. Zwillman.

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Little Augie Pisano?

Mr. DeLUCIA. No.

Mr. HALLEY. Maybe you know him by the name of Anthony Carfano.

Mr. DeLUCIA. No.

Mr. HALLEY. You never met Carfano?

Mr. DeLUCIA. No. You see, all these names you mention, maybe I see them some day, but I never had anything to do with them.

Mr. HALLEY. Did you ever meet Little Augie?

Mr. DeLUCIA. No.

Mr. HALLEY. When you go to Florida, where do you stay?

Mr. DeLUCIA. I was only 1 year in Florida, 1938. I had a house there.

Mr. HALLEY. Where was your house, Miami Beach?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Did you ever go to the Sands Hotel?

Mr. DeLUCIA. No.

Mr. HALLEY. Did you ever go to Wofford Hotel?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Tom Cassera?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know who he is?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Fred Angersola?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Johnny King?

Mr. DeLUCIA. No.

Mr. HALLEY. He is from Cleveland.

Mr. DeLUCIA. I might have met him. I don't remember. I might have met him, but I don't know.

Mr. HALLEY. Do you know Joe Massei?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. From Detroit?

Mr. DeLUCIA. No.

Mr. HALLEY. He is in Miami now.

Mr. DeLUCIA. No, I don't know.

Mr. HALLEY. You never met him?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Mike Cappolo?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Tony Civetta?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. Do you know Willie Moretti?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. Did you know Bugsy Seigel?

Mr. DeLUCIA. Bugsy Seigel. I might have seen him at the track sometime. I never had much to do with him.

Mr. HALLEY. But you did know him?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Do you know Mickey Cohen?

Mr. DeLUCIA. No.

Mr. HALLEY. Vincent Mangano?

Mr. DeLUCIA. No.

Mr. HALLEY. He lives in New York.

Mr. DeLUCIA. What is his name?

Mr. HALLEY. Mangano.

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Philip Mangano?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Joseph Profaci?

Mr. DeLUCIA. No.

Mr. HALLEY. Did you ever hear of him, Joseph Profaci?

Mr. DeLUCIA. No.

Mr. HALLEY. Did you ever meet Joseph Profaci?

Mr. DeLUCIA. No. You see, all these names, I might have seen them at some time or other, but I didn't have anything to do with them.

Mr. HALLEY. Do you know Vito Genovese?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. Did you ever meet him?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Willie Moretti? I think you said you didn't.

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Michael Morani?

Mr. DeLUCIA. Yes.

Mr. HALLEY. You know him?

Mr. DeLUCIA. Yes. He has a restaurant in New York I used to go to.

Mr. HALLEY. What restaurant?

Mr. DeLUCIA. Somewhere on Fifty-second Street.

Mr. HALLEY. What is the name of it?

Mr. DeLUCIA. Progressivio.

Mr. HALLEY. On Fifty-sixth Street near Seventh Avenue?

Mr. DeLUCIA. Yes. They have good food there.

Mr. HALLEY. Morani owns that?

Mr. DeLUCIA. That is my understanding.

Mr. HALLEY. Who did you meet there?

Mr. DeLUCIA. That is all. I used to go and eat and get out of there.

Mr. HALLEY. Do you know Jack Dragna?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Did you ever hear of the Italian-American Protective League?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. Did you ever hear of Unio Siciliano?

Mr. DeLUCIA. Yes; but that has been changed to either——

Mr. HALLEY. To the Italo-American Union.

Mr. DeLUCIA. They changed the title. I was a member there when I went to the penitentiary. But since then I never paid any of my dues. That is another insurance I had.

Mr. HALLEY. What was the Unio Siciliano?

Mr. DeLUCIA. That was a society.

Mr. HALLEY. Were you an officer or a member?

Mr. DeLUCIA. I was a member.

Mr. HALLEY. Was that an organization in Chicago that you belonged to?

Mr. DeLUCIA. That is an insurance organization.

Mr. HALLEY. An insurance organization?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Tell the committee something about it. Is it all over the country or just in Chicago?

Mr. DeLUCIA. I think it is only in Chicago.

Mr. HALLEY. You think it is only in Chicago?

Mr. DeLUCIA. I am pretty sure of that.

Mr. HALLEY. Who else belonged to the union in Chicago?

Mr. DeLUCIA. When I was there Joe Bulger was the president, Ferrata was the secretary and Cocia was somebody else there, he was treasurer or something like that. I had myself and my whole family insured there, but I have not paid any more since I came out.

Mr. HALLEY. Was there a place where you had meetings?

Mr. DeLUCIA. No; there is no meeting there.

Mr. HALLEY. Where were the headquarters of the union?

Mr. DeLUCIA. I think on Washington Street.

Mr. HALLEY. What was the address?

Mr. DeLUCIA. 111 or something like that.

Mr. HALLEY. Did you belong?

Mr. DeLUCIA. Yes; but now I don't belong. I haven't paid my dues.

Mr. HALLEY. Did Tony Accardo belong when you belonged?

Mr. DeLUCIA. I don't know that.

Mr. HALLEY. How much were the dues?

Mr. DeLUCIA. A few dollars a month or year.

Mr. HALLEY. How much?

Mr. DeLUCIA. I used to pay for everybody. I think it was about \$100, I don't know, \$120 a year.

Mr. HALLEY. You mean for everybody in your family?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Did they ever have meetings of the society?

Mr. DeLUCIA. I never was to any.

Mr. HALLEY. You never attended a meeting?

Mr. DeLUCIA. They have a lodge and each lodge once in a while will have a party or something. That is all.

Mr. HALLEY. Were there a lot of lodges in Chicago?

Mr. DeLUCIA. I don't know. They have about 40 or 50 lodges.

Mr. HALLEY. Right in Chicago?

Mr. DeLUCIA. Maybe they have 20. I don't know what they got.

Mr. HALLEY. Were there lodges in other cities besides Chicago?

Mr. DeLUCIA. I don't know. I don't think they have them outside of Chicago.

Mr. HALLEY. None outside of Chicago?

Mr. DeLUCIA. No.

Mr. HALLEY. You say it is called the Italo-American Union?

Mr. DeLUCIA. Yes. That was the old Unio Siciliano.

Mr. HALLEY. And it is still there in Chicago?

Mr. DeLUCIA. Yes.

Mr. HALLEY. And it is still on Washington Street?

Mr. DeLUCIA. Well, before they were on State Street, and then the building was torn down and then it was put down to Washington Street.

Mr. HALLEY. Now, what was the name originally, the Union——

Mr. DeLUCIA. Siciliano.

Mr. HALLEY. It then was changed to the Italo-American Union?

Mr. DeLUCIA. Yes.

Mr. HALLEY. When was the name changed?

Mr. DeLUCIA. I wouldn't know how to tell you that.

Mr. HALLEY. Was it before you went to jail or after?

Mr. DeLUCIA. My understanding was that because they call it Unio Siciliano and nobody else could join but Sicilians, so they figured to change the name and get everybody else in.

Mr. HALLEY. But you got out at that time?

Mr. DeLUCIA. No, I got in when it was Italo-American Union. I was a member up to the date I went to jail. Then I didn't pay any more. I just dropped it.

Mr. HALLEY. When you joined it, it was called the Italo-American Union?

Mr. DeLUCIA. To my best recollection, yes.

Mr. HALLEY. When did you join?

Mr. DeLUCIA. I don't recall.

Mr. HALLEY. Approximately how long were you a member before you went to jail?

Mr. DeLUCIA. I must have been a member 5 or 6 years at least.

Mr. HALLEY. And it was previous to your becoming a member that they changed the name?

Mr. DeLUCIA. I think when I became a member it was Italo-American Union.

Mr. HALLEY. How long before that was the name changed?

Mr. DeLUCIA. That is a long time. I don't remember that, Mr. Halley.

Mr. HALLEY. Would you say sometime in the 1930's?

Mr. DeLUCIA. That is a matter of record. You can find out. I don't know.

Mr. HALLEY. The records are kept at the office on Washington Street?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Who is the president now?

Mr. DeLUCIA. Bulger.

Mr. HALLEY. How do you spell it?

Mr. DeLUCIA. Joseph I. B-u-l-g-e-r.

Mr. HALLEY. Who is the treasurer now?

Mr. DeLUCIA. I don't know.

Mr. HALLEY. Why did you get out?

Mr. DeLUCIA. I told you. When I went to the penitentiary I just didn't pay any more. Some of these days I might go back.

Mr. HALLEY. Do you know whether Joseph Fischetti belonged?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know whether Rocco Fischetti belonged?

Mr. DeLUCIA. No.

Mr. HALLEY. Did you ever have a list of the members?

Mr. DeLUCIA. No.

Mr. HALLEY. Did you ever see a list of the members?

Mr. DeLUCIA. No.

Mr. HALLEY. Now, when you first joined, who talked to you about joining?

Mr. DeLUCIA. I think it was Joe that told me to get in, Joe Bulga. He became the president, or something like that. I am not so sure, but I think that is what it was.

Mr. HALLEY. How did you happen to know Bulga?

Mr. DeLUCIA. I knew Bulga for many years.

Mr. HALLEY. I think you said that you knew Tony Capiccio for many years, too.

Mr. DeLUCIA. Yes.

Mr. HALLEY. Do you know Rocco De Grazio?

Mr. DeLUCIA. Yes.

Mr. HALLEY. And of course, you know Louis Campagna?

Mr. DeLUCIA. Yes.

Mr. HALLEY. And of course you know Charles Gioe?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Do you know Niccolo Impostato?

Mr. DeLUCIA. From Chicago?

Mr. HALLEY. Yes.

Mr. DeLUCIA. No; I don't know him.

Mr. HALLEY. You are sure you never heard of him? Of course you know Philip D'Andrea? He went to jail with you on the extortion case.

Mr. DeLUCIA. Yes.

Mr. HALLEY. Is it your position that you were not guilty in the extortion case?

Mr. DeLUCIA. Yes.

Mr. HALLEY. You never tried to extort money from anybody?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. Do you know Sylvester Agolin?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Do you know Anthony Antonelli?

Mr. DeLUCIA. Who?

Mr. HALLEY. Antonelli, Tony Antonelli.

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Sam Battaglia?

Mr. DeLUCIA. No.

Mr. HALLEY. What were the advantages of joining the Unione Siciliano?

Mr. DeLUCIA. I told you it was just insurance, you know.

Mr. HALLEY. Did they issue a policy, an insurance policy?

Mr. DeLUCIA. Yes.

Mr. HALLEY. On your family?

Mr. DeLUCIA. Yes.

Mr. HALLEY. And you let yours drop?

Mr. DeLUCIA. Well, I didn't pay any more.

Mr. HALLEY. How did you happen to know Dagna all the way out in California?

Mr. DeLUCIA. Well, I knew some people in California, and that is how I met him.

Mr. HALLEY. Did you ever hear of the Trans-America Wire Service?

Mr. DeLUCIA. I heard about it.

Mr. HALLEY. Did you ever have anything to do with it?

Mr. DeLUCIA. No.

Mr. HALLEY. What is the name of the man you had renting your farm when you were in jail?

Mr. DeLUCIA. Francis Corri.

Mr. HALLEY. Did he have anything to do with the Trans-America?

Mr. DeLUCIA. I don't know.

Mr. HALLEY. Did you ever hear that he had something to do with it?

Mr. DeLUCIA. No.

The CHAIRMAN. Well, he was one of the founders of the Trans-America Wire Service.

Mr. DeLUCIA. Was he?

The CHAIRMAN. Was he not one of the founders of it?

Mr. DeLUCIA. I don't know.

The CHAIRMAN. All right. Let me ask just one question: Is this Unione Siciliano what is known as the Mafia? Was that called the Mafia?

Mr. DeLUCIA. No, no.

The CHAIRMAN. What is the Mafia?

Mr. DeLUCIA. I don't know much about the Mafia beyond the papers.

The CHAIRMAN. Speak out. You have your hand before your mouth.

Mr. DeLUCIA. I don't know anything about the Mafia.

The CHAIRMAN. What is the Mafia?

Mr. DeLUCIA. What you read in the papers is all I know.

The CHAIRMAN. Well, is this Unione Siciliano sometimes called the Mafia? Do you know that, or not?

Mr. DeLUCIA. No, no; they never called that the Mafia. That is a society, to my knowledge.

The CHAIRMAN. Was Al Capone a member of the Unione Siciliano?

Mr. DeLUCIA. I don't know. I don't think so.

Mr. ROBINSON. What was Curry's business?

Mr. DeLUCIA. What?

Mr. ROBINSON. James Curry; what business was he in?

Mr. DeLUCIA. Curry is a landowner. He had a farm.

Mr. ROBINSON. What else do you know about him? What other business was he in? Wasn't he in the gambling business?

Mr. DeLUCIA. No.

Mr. ROBINSON. Never to your knowledge was he in the gambling business?

Mr. DeLUCIA. No.

Mr. ROBINSON. What did he do after he left your place?

Mr. DeLUCIA. I don't know. I didn't see him any more. I was told not to see him any more.

Mr. ROBINSON. Who told you that?

Mr. DeLUCIA. Oh, my parole man told me. You see, when I came out, my lease with him expired in March, the next March, you see. So he said to come there and get his stuff, and he was around, and I was told that I shouldn't have anything to do with him.

Mr. ROBINSON. Didn't you know that he went into the gambling business?

Mr. DeLUCIA. No; I never saw him any more.

Mr. ROBINSON. You mentioned a house at Miami Beach. When did you acquire that?

Mr. DeLUCIA. I didn't buy a house at Miami Beach. I rented it, for a year.

Mr. ROBINSON. Oh, you rented it?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Did you receive visits in prison from Bernstein?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Did he appear alone the first time he visited you?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Did you talk to him?

Mr. DeLUCIA. No; I didn't talk to him.

Mr. ROBINSON. You didn't talk to him?

Mr. DeLUCIA. No.

Mr. ROBINSON. Did he appear again with Accardo?

Mr. DeLUCIA. That was the reason why Accardo came; one of the reasons.

Mr. ROBINSON. You didn't talk to Bernstein until Accardo came?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Why was that?

Mr. DeLUCIA. Because I didn't know Bernstein, and I wasn't going to talk over any tax matter with him unless I found out what was the trouble. I didn't know there was any trouble anyway.

So he came over and said things were kind of upset, and all that. He was a good tax lawyer, and I talked to him.

Mr. ROBINSON. Had you retained Bernstein?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. How did you retain Bernstein?

Mr. DeLUCIA. My Mrs. retained Bernstein.

Mr. ROBINSON. Who?

Mr. DeLUCIA. My wife.

Mr. ROBINSON. And asked Bernstein to go to see you in prison?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. And you refused to talk to him?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Where were you, in prison?

Mr. DeLUCIA. In Leavenworth.

Senator WILEY. Were you at any other prison before that?

Mr. DeLUCIA. Yes, in Atlanta.

Senator WILEY. How did you get transferred? Who arranged for it?

Mr. DeLUCIA. I don't know. I was just transferred.

Senator WILEY. Did you pay anyone for that transfer?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Why did you tell Bernstein you wouldn't talk to him?

Mr. DeLUCIA. I didn't want to talk to nobody about my tax. I was in jail, and I figured I don't care what happens.

Mr. ROBINSON. Did you tell him to see Accardo?

Mr. DeLUCIA. No, no. He naturally went back. He figured he would get somebody and talk to Paul and make me understand the seriousness of the affair, and that was all.

Mr. ROBINSON. That is the reason Accardo came?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. You didn't tell him to bring Accardo down to vouch for him?

Mr. DeLUCIA. No.

The CHAIRMAN. What is this story about this fine getting paid, and he did not know about it?

Mr. ROBINSON. You did have some income-tax difficulty at one time?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Do you remember the year?

Mr. DeLUCIA. Well, up until 1939, I think, or something like that.

Mr. ROBINSON. And that was in the process of settlement or negotiation with the Government up until the time you were in prison; or out of prison?

Mr. DeLUCIA. No, that came out of trial. After the sentence they brought that up, you see. And they wanted to get income tax on that.

Mr. ROBINSON. And you had certain penalties to pay?

Mr. DeLUCIA. No.

Mr. ROBINSON. Do you remember how much?

Mr. DeLUCIA. No, that is a matter in the Tax Court. That is all settled there.

Mr. ROBINSON. How was the payment made?

The CHAIRMAN. How much was it? You know about how much it was. How much did you owe?

Mr. DeLUCIA. Oh, I think they charged me \$300,000, or something like that, that I owed them.

Senator KEFAUVER. And was a settlement agreed on?

Mr. DeLUCIA. The settlement was \$40,000 or \$50,000 or something like that.

Senator WILEY. How much?

Mr. DeLUCIA. \$40,000 or \$50,000.

Senator WILEY. Who was your lawyer then? Bernstein?

Mr. DeLUCIA. Bernstein.

Senator WILEY. How much did you pay?

Mr. DeLUCIA. Well, my Mrs. gave me some money. I have some money there that I got when I came out.

Mr. ROBINSON. Did you ever give Bernstein any money to pay that settlement?

Mr. DeLUCIA. No.

Mr. ROBINSON. Was it paid?

Mr. DeLUCIA. It was paid all right. I was in jail. How could I give it to him?

Mr. ROBINSON. Did you ever instruct anyone to pay Bernstein so he could make payment in settlement?

Mr. DeLUCIA. No.

Mr. ROBINSON. Well, how was it paid?

Mr. DeLUCIA. Well, somebody. I understand, brought some money up to Bernstein and said, "Pay this."

Mr. ROBINSON. How much money did they bring to Bernstein?

Mr. DeLUCIA. They would bring up \$20,000 sometime and \$30,000 sometime. I don't know how much it was.

Mr. ROBINSON. How many people brought it to Bernstein?

Mr. DeLUCIA. I don't know. I suppose a few people.

Mr. ROBINSON. Didn't you ever discuss it with Bernstein?

Mr. DeLUCIA. I knew, but I don't remember now.

Mr. ROBINSON. Did Bernstein say who brought the money?

Mr. DeLUCIA. He said how many people were there, and all that.

Mr. ROBINSON. How many people were there? What did he tell you? What did Bernstein tell you?

Mr. DeLUCIA. He said a few people went over there and brought him the money. So I don't know how many, three, four, or five. I don't know.

Mr. ROBINSON. Did Bernstein tell you who they were?

Mr. DeLUCIA. No.

Mr. ROBINSON. Did you ever find out who they were?

Mr. DeLUCIA. No.

Mr. ROBINSON. Did you ever make any effort to find out who they were?

Mr. DeLUCIA. Why, I would be glad to find out who did that for me.

Mr. ROBINSON. Did you ever suspect who it was?

Mr. DeLUCIA. No, I didn't.

Mr. ROBINSON. Did you ever suspect that Accardo paid the money?

Mr. DeLUCIA. No.

The CHAIRMAN. How much was this? A hundred thousand dollars? That they left on Bernstein's desk?

Mr. DeLUCIA. No. I understand it was about \$120,000.

Senator HUNT. Let me ask a question. This is a tax payment that we are speaking about?

Mr. ROBINSON. I think, Senator, it was a compromise settlement, if I recall.

Senator HUNT. That somebody paid in his behalf?

Mr. ROBINSON. Yes. Somebody came to Bernstein's office, or several people, and gave the money to Bernstein.

Senator HUNT. Now, you do not mean to tell us that you do not know who contributed that money to pay your tax. You are not telling us that, are you?

Mr. DeLUCIA. I will tell you why, Senator. I thought I probably would find after we came out there wouldn't be so much publicity at-

tached to the parole. But all the publicity did come, and it was better to lose the money, to my way of thinking, than to get the publicity in the paper and all that.

Senator HUNT. Now, it was either some of your relatives or some of your business associates?

Mr. DeLUCIA. No.

Senator HUNT. Was it some of your business associates that paid the money?

Mr. DeLUCIA. No.

Senator HUNT. Now, Jim Jones who does not know you would not kick in with \$50,000 to pay your taxes.

Mr. DeLUCIA. I suppose a friend did.

Senator HUNT. You know who it was. Why do you not tell us?

Mr. DeLUCIA. No, I don't know, Senator.

Senator WILEY. May I also see if we have not got confused here? There was this trial, and there was the fine.

Mr. DeLUCIA. The fine was paid.

Senator WILEY. \$110,000. Then there was also your tax settlement.

Mr. DeLUCIA. Yes.

Senator WILEY. And you are saying to this committee that in the case of the fine you do not know who paid your fine?

Mr. DeLUCIA. I know who paid the fine. The fine was \$10,000. It was paid in New York.

Senator WILEY. \$110,000?

Mr. DeLUCIA. No, \$10,000. That is a different story. The fine was paid in New York.

Senator WILEY. How much was that?

Mr. DeLUCIA. \$10,000. But the other stuff is the income tax.

Senator WILEY. Who paid that?

Mr. DeLUCIA. That fine Bulga took care of when we left some money with him, you see. He was the lawyer on the trial.

The CHAIRMAN. Who was that that paid at the trial?

Mr. DeLUCIA. Bulga.

The CHAIRMAN. That same man who was president of the Italian-American League?

Mr. DeLUCIA. Yes. But we gave him the money.

Mr. ROBINSON. Was he the man whose name was used by Accardo?

Mr. DeLUCIA. That is right.

Mr. ROBINSON. When he visited you in prison?

Mr. DeLUCIA. That is right. Their initials were equal; G. O. B. for one and G. O. B. the other one. That is what it was.

Senator WILEY. Was that the one you were talking about, about only \$10,000 fine and 10 years?

Mr. DeLUCIA. Yes.

Senator WILEY. That was the time you had 10 years, and you had to pay the \$10,000 fine?

Mr. DeLUCIA. Yes. The tax settlement is different.

Senator WILEY. When you got mixed up with your tax settlement, you paid how much, approximately?

Mr. DeLUCIA. I paid \$120,000, I think.

Senator WILEY. \$120,000. And you do not know who paid that?

Mr. DeLUCIA. No, not yet.

Senator WILEY. What is that?

Mr. DeLUCIA. Not so far.

Senator HUNT. When was that paid? What year?

Mr. DeLUCIA. I think in '46.

Mr. ROBINSON. You had the money with which to pay it, yourself.

Mr. DeLUCIA. No, I won't tell anybody I had the money, to tell you the truth.

Mr. ROBINSON. Well, did you have the money, and could you have paid it yourself?

Mr. DeLUCIA. I could have paid it.

Senator HUNT. Have you reimbursed those people who paid your tax?

Mr. DeLUCIA. No, sir. Sometime I reimburse. Some day they come along, and I reimburse.

Senator WILEY. Do you have any connection with any political faction in Chicago?

Mr. DeLUCIA. No, sir.

Senator WILEY. Are you sure? Did you know a Jack Arvey?

Mr. DeLUCIA. I heard of him.

Senator WILEY. Did you have anything to do with bringing one way or the other the Italian vote?

Mr. DeLUCIA. No.

Senator WILEY. Did you vote?

Mr. DeLUCIA. No. How could I vote?

Senator WILEY. Never did vote?

Mr. DeLUCIA. No, sir.

Senator WILEY. Never went to the polls?

Mr. DeLUCIA. I don't know if I went to the polls before. But not lately.

Senator WILEY. That is all.

Mr. ROBINSON. Who took care of your interests while you were in prison?

Mr. DeLUCIA. You mean at the farm? Corri.

Mr. ROBINSON. And your other interests?

Mr. DeLUCIA. I had no other interests.

Mr. ROBINSON. Isn't it true that Accardo took care of your interests while you were in prison?

Mr. DeLUCIA. No, no.

Mr. ROBINSON. Isn't it true that you asked him to look out for your interests while you were in prison?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Generally speaking; I don't mean to run the place.

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Why did Accardo come to visit you in prison?

Mr. DeLUCIA. He was a friend of mine. He was my neighbor, and he came. And it was a friendly act. That is all.

Mr. ROBINSON. Didn't he tell you at the time that it was all right for you to talk to Bernstein?

Mr. DeLUCIA. Yes, he advised me to talk to Bernstein, or else things was going to be bad, and they were going to charge me a lot of money, and that way the thing could be settled.

The CHAIRMAN. Now, Mr. DeLucia, we do not think you are telling the truth. We think you are committing perjury about not knowing who paid that \$120,000.

Mr. DeLUCIA. Oh, I am telling the truth.

The CHAIRMAN. I know you do not want to get into any more trouble. You had better come clean if you know who paid it.

Mr. DeLUCIA. I don't know who paid that money, Senator. Truthfully, I don't know.

The CHAIRMAN. You do not have any idea who paid it?

Mr. DeLUCIA. No.

The CHAIRMAN. Remember; you are under oath.

Mr. DeLUCIA. Yes.

The CHAIRMAN. And \$120,000 got laid on Mr. Bernstein's desk in cash.

Mr. DeLUCIA. That is what Bernstein said. I was in jail at that time, Senator.

The CHAIRMAN. He has not told you who it was that put the money there?

Mr. DeLUCIA. He says he doesn't know himself.

The CHAIRMAN. He says he does not know himself?

Mr. DeLUCIA. Yes.

Senator HUNT. How did he know what the money was for?

Mr. DeLUCIA. Well, this money was Paul, and this money was Louie, the note said.

Senator HUNT. Was it typewritten, or handwritten?

Mr. DeLUCIA. I wasn't there, Senator. I don't know.

Mr. ROBINSON. Let me ask you this: Did Bernstein talk to you before he paid the money?

Mr. DeLUCIA. Oh, Bernstein came there several times.

Mr. ROBINSON. Did Bernstein come to you and state that this money had been left with him, and ask if he should use it for payment of the tax?

Mr. DeLUCIA. No, when he came back he said, "The money is all paid. The bill is all settled."

Mr. ROBINSON. But he never asked you whether it was all right with you to use that money to pay the tax?

Mr. DeLUCIA. No, because the way it happened, he got the money today, and tomorrow he would pay. He wasn't going to keep the money around him.

Senator WILEY. Did you ask Bernstein who put up the money?

Mr. DeLUCIA. Yes, he said he didn't know.

Senator WILEY. Have you any idea who would advance that amount of money?

Mr. DeLUCIA. No, sir.

Senator WILEY. Did you have friends?

Mr. DeLUCIA. Oh, yes.

Senator WILEY. Let us get at that. Who are your friends that can put up \$120,000 and never even tell you that they have done so?

Mr. DeLUCIA. I will do the same thing for somebody in jail tomorrow, if it is my friend, Senator.

Senator WILEY. You would?

Mr. DeLUCIA. Yes.

The CHAIRMAN. But the question is, Who are your friends that would do that?

Mr. DeLUCIA. Well, any friend that I think deserved it, I would do it for. I would even sell my house.

Senator WILEY. What influential friends did you have at that time or have you got that would raise \$120,000 and plunk it down without

asking an accounting from you or an IOU? Did you give anyone a note for it?

Mr. DeLUCIA. No.

Senator WILEY. Did you not think that was a queer circumstance, that some one should put down \$120,000?

Mr. DeLUCIA. I know, Senator. But that is how it happened.

Senator WILEY. Did you have any connection with any organization that you had a hold on?

Mr. DeLUCIA. No, sir.

Senator WILEY. You mean to say that out of the clear sky this happened and no one owed you an obligation or no one was fearful of you, that would come in and plunk down \$120,000?

Mr. DeLUCIA. That is how it happened, Senator.

Senator WILEY. After you found out, did you not snoop around and try to find out?

Mr. DeLUCIA. I am still trying now.

Senator WILEY. You are still trying?

Mr. DeLUCIA. Yes.

Senator WILEY. Do you know any of the big shots in Chicago?

Mr. DeLUCIA. I don't know what you mean by big shots.

Senator WILEY. Any of the influential politicians, one way or another, on either side?

Mr. DeLUCIA. I don't mix with politics.

Senator WILEY. What is that?

Mr. DeLUCIA. I don't mix with politics.

Senator WILEY. Well, when you were talking a little while ago about the national bank, did you mean the Forest Park National Bank?

Mr. DeLUCIA. Yes. That was when I started. Then I changed it to the Northland Trust.

Mr. ROBINSON. Who was Mr. Felicio?

Mr. DeLUCIA. He is my neighbor.

Mr. ROBINSON. What business is he in?

Mr. DeLUCIA. He has liquor stores.

Mr. ROBINSON. Do you have any interest in those stores?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. How large a home does he have?

Mr. DeLUCIA. Oh, he has a home about as big as mine, or something similar to mine.

Mr. ROBINSON. Has he been involved in violations of the law?

Mr. DeLUCIA. Not that I know of.

Mr. ROBINSON. Who have some of your associates been since you got out on parole?

Mr. DeLUCIA. Well, since I got out on parole, all of my associates have been my relations. My wife has four or five brothers. And I have been at the farm. That is about all.

Mr. ROBINSON. Did Accardo visit you at the farm?

Mr. DeLUCIA. Who?

Mr. ROBINSON. Accardo.

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Did you talk to him on the phone?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. You have never seen or talked to him since you have been on parole?

Mr. DeLUCIA. Let me explain that about "on the phone." My boy and his boy go to the same school. Maybe you have some call from my house to his house. That is the boys calling. I have nothing to do with it. And I can stop the boy.

Mr. ROBINSON. Have you ever talked to Accardo on the phone at any time?

Mr. DeLUCIA. No. I saw him at the trial. That is all.

Mr. ROBINSON. I mean since you have been out on parole.

Mr. DeLUCIA. No, no.

Mr. ROBINSON. All right. Who else have you seen?

Mr. DeLUCIA. That is all.

Mr. ROBINSON. Who has been out to your house in the last few days?

Mr. DeLUCIA. Well, nobody has been out to my house. I have been at the farm.

Mr. ROBINSON. You have had no visits from anyone in the last few days?

Mr. DeLUCIA. No. I was at the farm. No one outside the families.

Mr. ROBINSON. At the farm?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Who has been there to see you in the last few days?

Mr. DeLUCIA. Nobody that amounts to anything. My brother-in-law and some friends, lady friends; that is all.

Senator WILEY. Lady friends, you say?

Mr. DeLUCIA. I mean lady friends of my wife.

Mr. HALLEY. I have been looking at your income tax returns, Mr. DeLUCIA. I gather that in 1949 you lost money on your farm. Is that right?

Mr. DeLUCIA. Why, sure. I lost money every year.

Mr. HALLEY. And the farm is the only business you have?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Is that correct?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Have you put up that farm for sale?

Mr. DeLUCIA. No. I don't want to put up that farm for sale unless I have to. You see, I inquired around, but the farm is too big to sell. It would be five or six hundred thousand dollars. I will tell you this much. If next year—with all this improvement, now, I think I should start to make money now, you see. But if I don't, I will split the farm up and try to sell it.

Mr. HALLEY. The fact is that up to this time you have had no income from the farm?

Mr. DeLUCIA. Well, I have spent money on improvements, you see.

Mr. HALLEY. You have spent more than you have made?

Mr. DeLUCIA. I built a barn there, and all that.

Mr. HALLEY. And you still have a large house in River Forest; is that right?

Mr. DeLUCIA. Yes.

Mr. HALLEY. What did you pay for that house?

Mr. DeLUCIA. \$25,000.

Mr. HALLEY. What would you say its value is today?

Mr. DeLUCIA. Oh, about \$100,000.

Mr. HALLEY. And you have another country place; is that right?

Mr. DeLUCIA. Yes; in Long Beach.

Mr. HALLEY. And what would you say your annual living expenses are, with all these expensive homes you maintain?

Mr. DeLUCIA. About a couple of thousand dollars a month.

Mr. HALLEY. About a couple of thousand dollars a month. You are not beginning to worry about the fact that your assets are going down, are you?

Mr. DeLUCIA. I am. I tried to sell my house on Long Beach, and I couldn't sell it, and I think next year, if I can't make it up, I will sell my farm.

Mr. HALLEY. But you haven't begun economizing at all, have you?

Mr. DeLUCIA. I will. I will start to do the best I can from now on, on that. I won't have to economize any more, because there won't be much expense at the farm. I have those bulldozers, and I can make 30 or 40 thousands dollars a year at the farm.

Mr. HALLEY. You made \$42,000 last year, didn't you?

Mr. DeLUCIA. Yes. And everything is built now.

Mr. HALLEY. You can't take off what you built on your depreciation. You were spending capital, weren't you?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Now your capital is down to about \$40,000 in cash?

Mr. DeLUCIA. Yes.

Mr. HALLEY. And you say you have about \$11,000 in stock?

Mr. DeLUCIA. Yes.

Mr. HALLEY. And how much in the bank?

Mr. DeLUCIA. Oh, about a thousand dollars in the bank.

Mr. HALLEY. A thousand dollars in the bank?

Mr. DeLUCIA. Or something like that.

Mr. HALLEY. What is troubling me is that you are not acting like a man who is down to your last \$50,000. I notice by your books that you bought a Cadillac last month.

Mr. DeLUCIA. If you see the book, you will notice I sold my other Cadillac.

Mr. HALLEY. And you paid something over \$4,000 for a new one?

Mr. DeLUCIA. You see, a car lasts me about 3 years, 3 or 4 years.

Mr. HALLEY. Who drives your car?

Mr. DeLUCIA. Myself.

Mr. HALLEY. How many people do you have on your payroll at the farm?

Mr. DeLUCIA. Over there you have them all.

Mr. HALLEY. What is your recollection?

Mr. DeLUCIA. Well, in the wintertime you can get along with three or four. In the summertime, during the hay season and during the summer generally, five or six, just for a few days or for a few weeks.

Senator WILEY. I might say for the record, here, that his 1950 statement shows assets of \$390,000, and he has here notes payable of \$625, mortgage payable of \$10,000, loan payable, mortgage, Long Beach property, \$40,000, and mortgage payable, Prudential Insurance Co. of America, \$84,000. That seems to be all that you owe, there, I take it. And it is interesting to note that he lists his land at \$18,000. He built a new barn for \$81,000.

What year did you build that?

Mr. DeLUCIA. 1948, I think.

Senator WILEY. You built an \$81,000 barn in 1948. Was that the time you took the mortgage in the Prudential Co.?

Mr. DeLUCIA. No; that was when I bought that—

Senator WILEY. When you got tractors, wagons, implements, machinery, for \$44,000?

Mr. DeLUCIA. You see, that is a big farm, Senator. It takes a lot of equipment, and all that.

Mr. ROBINSON. Did you know John Rosselli?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. How long have you known him?

Mr. DeLUCIA. Oh, I would say about 15 or 16 years.

Mr. ROBINSON. What business is he in?

Mr. DeLUCIA. I don't know what business he is in.

Mr. ROBINSON. You have never found out what business he is in?

Mr. DeLUCIA. No.

Mr. ROBINSON. And you never knew what business he was in?

Mr. DeLUCIA. No.

Mr. ROBINSON. What was your association with him?

Mr. DeLUCIA. I knew Johnny in Chicago a couple of times, and that was all. I knew he was in California, and that was all.

Mr. ROBINSON. When did you first meet Nitti?

Mr. DeLUCIA. I don't remember, Senator. It was in the twenties.

Mr. ROBINSON. Weren't you working as a waiter at the time?

Mr. DeLUCIA. No; I never worked as a waiter. If you want to let it go for waiter, that is all right. I was manager at that time.

Mr. ROBINSON. You were manager of the restaurant?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. And it was at that time that you met Nitti?

Mr. DeLUCIA. No; I think I met Nitti when I had a restaurant of my own.

Mr. ROBINSON. Well, anyway, did Nitti get a job for you at the Lexington Hotel?

Mr. DeLUCIA. No.

Mr. ROBINSON. Did you ever have any job at the Lexington Hotel?

Mr. DeLUCIA. No.

Mr. ROBINSON. Did you ever live at the Lexington Hotel?

Mr. DeLUCIA. I was there.

Mr. ROBINSON. Who else lived at the Lexington Hotel?

Mr. DeLUCIA. Al was living there?

Mr. ROBINSON. Was Nitti living there?

Mr. DeLUCIA. No, I think he had a home.

Mr. ROBINSON. You can't remember anyone else except Al Capone who lived at the Lexington Hotel?

Mr. DeLUCIA. No.

Mr. ROBINSON. Did you visit frequently with Nitti and Al Capone?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Did you work for them in any way? Did you do any jobs for them?

Mr. DeLUCIA. I never worked for them.

Mr. ROBINSON. You knew what business they were in?

Mr. DeLUCIA. Oh, I know the business. My idea of business with them was to try to make some money. That is all.

Mr. ROBINSON. Tell me how?

Mr. DeLUCIA. Their business was theirs, and not mine.

Mr. ROBINSON. Go ahead and describe how you made the money.

Mr. DeLUCIA. By gambling.

Mr. ROBINSON. And you had nothing to do with the liquor business?

Mr. DeLUCIA. No.

Mr. ROBINSON. Weren't they in the illegal liquor business at that time?

Mr. DeLUCIA. Oh, I suppose; yes.

Mr. ROBINSON. You know that, don't you?

Mr. DeLUCIA. No; I don't know anything about that. They didn't go ahead and tell me what they were doing.

Mr. ROBINSON. They never mentioned anything to you about what they were doing?

Mr. DeLUCIA. No, Senator. I never asked for those things.

Mr. ROBINSON. But you were frequently associated with them?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. They never talked about their business to you?

Mr. DeLUCIA. No, sir; not that kind of business.

Mr. ROBINSON. Well, what kind of business did they talk about?

Mr. DeLUCIA. Well, the gambling, you see; the horses and all that stuff; baseball and all that.

Mr. ROBINSON. You never got a cut of the liquor business?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. None whatsoever?

Mr. DeLUCIA. No.

Mr. ROBINSON. What was your income from 1940 to 1943? Can you recall?

Mr. DeLUCIA. Oh, very small. You mean, 1940 to 1943?

Mr. ROBINSON. That is right.

Mr. DeLUCIA. Oh, I thought you meant 1943 to 1947. I would say about \$300,000.

Mr. ROBINSON. That was your net income?

Mr. DeLUCIA. No.

Mr. ROBINSON. What was your net income? Can you recall approximately what your net income was, from 1940 to 1943, annually?

Mr. DeLUCIA. I don't recall that. It is all a matter of fact. You can see it.

Mr. HALLEY. Was it over \$50,000 a year?

Mr. DeLUCIA. I don't recall that, Mr. Halley.

Mr. HALLEY. Well, you would know whether it was more than \$50,000 or less than \$50,000 a year. In what range was it?

Mr. DeLUCIA. I wouldn't be able to tell.

Mr. HALLEY. Well, you can tell. Were you a \$10,000-a-year man, or a \$50,000-a-year man, or a \$100,000-a-year man?

Mr. DeLUCIA. No. I had a lot of expenses in those years, too.

The CHAIRMAN. What expenses?

Mr. HALLEY. How did you have expense? What expense did you have?

Mr. DeLUCIA. Oh, expense all around, I suppose, I don't remember. If I had those papers, I could tell.

Mr. HALLEY. You mean you lived well.

Mr. DeLUCIA. Yes.

Mr. HALLEY. But that is part of your income.

Mr. DeLUCIA. Yes.

Mr. HALLEY. Would you say you spent over \$50,000 a year?

Mr. DeLUCIA. Oh, sure, I did.

Mr. HALLEY. Then you must have earned over \$50,000.

Mr. DeLUCIA. Oh, sure.

The CHAIRMAN. He said he earned \$300,000 those 3 years.

Mr. DeLUCIA. Around that, or maybe 70. That is the best of my recollection. I don't know for sure.

Senator WILEY. What years was it that you paid the tax penalty for? What years were those?

Mr. DeLUCIA. '46.

Senator WILEY. Just 1 year?

Mr. DeLUCIA. Oh, you mean what year that was? No; that was back in '39.

Senator WILEY. 1939 to what?

Mr. DeLUCIA. Well, '34 to '39. I don't recall it.

Senator WILEY. Let's get that. So, when the \$120,000 was paid, that paid the tax penalties accumulated—

Mr. DeLUCIA. The \$100,000 was between me and Campagna.

Senator WILEY. Was that what it was?

Mr. DeLUCIA. Between me and Campagna. That was the settlement for both of us.

The CHAIRMAN. You say that also settled Louie Campagna's tax case?

Mr. DeLUCIA. Yes.

Senator WILEY. What I was more interested in was this fact. You settled your taxes up then to '39?

Mr. DeLUCIA. To '43.

Senator WILEY. Well, let's get it. From '39 to '43?

Mr. DeLUCIA. Up to '43 everything is settled.

Senator WILEY. You are sure of that?

Mr. DeLUCIA. Yes, sir.

Senator WILEY. That is what that \$120,000 is for?

Mr. DeLUCIA. That is right, for me and Campagna.

Senator WILEY. All right. Now, when you came out of prison on your parole, how much cash did you have?

Mr. DeLUCIA. \$300,000.

Senator WILEY. You had \$300,000?

Mr. DeLUCIA. Yes.

Senator WILEY. And you had that in your home?

Mr. DeLUCIA. Yes.

Senator WILEY. Have you a statement any place showing what your assets were then?

Mr. DeLUCIA. No.

Senator WILEY. Why not?

Mr. DeLUCIA. Who would I have to show it to? Nobody asked me for it.

Senator WILEY. No; I am asking you. This doesn't show. If this particular book would show your assets from year to year, if we started at the time you came out in '43, it should show, if what you say is true, as you have set it up here, what constitutes your estate.

Mr. DeLUCIA. Well, you know now.

Senator WILEY. I know now, sure.

Mr. DeLUCIA. I don't think anybody is going to tell anybody how much money he has got, Senator.

Senator WILEY. Have you any statement to show what became of that \$300,000?

Mr. DeLUCIA. That is there.

Senator WILEY. Can you break it down for us?

Mr. DeLUCIA. There it is. It is all broke down. You can tell what I have got. I use some of the money in there.

Senator WILEY. Then if we start in with cash on hand in 1947, you have \$300,000, plus your earnings from the farm, plus your earnings from the bank stock. That constitutes your total income?

Mr. DeLUCIA. That is right.

Senator WILEY. All right. Now, you say it costs you \$2,000 a month to live, for your family at least.

Mr. DeLUCIA. Approximately that. Over all it is less than that. But I would put it at \$2,000.

Senator WILEY. All right. Now, then, what other disbursements have you made out of that \$300,000 for capital investment since 1947?

Mr. DeLUCIA. Nothing else.

Senator WILEY. No, no. You do not get me. As I understood you to say, you built that big barn back there before 1947?

Mr. DeLUCIA. In '48. How could I build it before '47? I came out in '47.

Senator WILEY. Then the cost of the barn was paid out of the \$300,000?

Mr. DeLUCIA. Yes.

Senator WILEY. All right. What other big disbursement did you make out of that \$300,000?

Mr. DeLUCIA. Well, I bought the machinery rig, and all that. But I pay that in a year on a monthly loan.

Senator WILEY. Did you make any substantial loan from anybody?

Mr. DeLUCIA. Oh, yes.

Senator WILEY. Who?

Mr. DeLUCIA. I have a mortgage on the farm, on the farm and on the house.

Senator WILEY. You borrowed that money, then, too?

Mr. DeLUCIA. I borrowed it, yes.

Senator WILEY. Well, if you had the \$300,000, why did you borrow that money?

Mr. DeLUCIA. Because, Senator, I have a long time to go. I have 3 more years to go on parole. And at the rate I am going, I have to come out some time and borrow money. So I might as well prepare myself.

Senator WILEY. What I am trying to find out is this. If you borrowed that money, it could easily be ascertained when that was instituted. That \$84,000 is one. That is the large one. And \$40,000 is the other. If you borrowed that since 1947, you came out in '47 with \$300,000 in cash. Just why would anybody want to borrow all this money, if you had the money on hand?

Mr. DeLUCIA. Because I have 6 years to go, Senator, and at the rate I am going, I am not going to make it. And I can see now that next year I may have to sell the farm.

Senator WILEY. Well, you were telling us that you made \$40,000 a year off of the farm, and that you used some of that money.

Mr. DeLUCIA. Well, this year looks bad. The corn looks bad.

Senator WILEY. I agree with the chairman that some of your testimony does not make sense. I do not want to prejudge anybody.

Mr. DeLUCIA. Well, I tell you the truth the best I know how, Senator.

Mr. ROBINSON. Do you know James Missio?

Mr. DeLUCIA. Who?

Mr. ROBINSON. Missio, Missio—M-i-s-s-i-o.

Mr. DeLUCIA. No.

Mr. ROBINSON. Never heard of him?

Mr. DeLUCIA. No.

Mr. ROBINSON. Do you know Steve Cifoni?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Who is he?

Mr. DeLUCIA. Oh, he died about 10 years ago.

Mr. ROBINSON. About how long did you know him?

Mr. DeLUCIA. He was my neighbor. He had a house next to me at Long Beach.

Mr. ROBINSON. And was he an associate of Al Capone?

Mr. DeLUCIA. I don't know. He knew him.

Senator WILEY. How long has Bernstein kept your books for you? How many years?

Mr. DeLUCIA. Well, since he took over, I suppose around '45 or '46.

Senator WILEY. All right. In '48, he started to set up each year a balance sheet, I take it, just like this has been set up?

Mr. DeLUCIA. That is right.

Senator WILEY. And you claim that you have not got those '45, '46, '47, '48—

Mr. DeLUCIA. There isn't much in '49.

Senator WILEY. Now, just a minute. You have not got those balance sheets any place?

Mr. DeLUCIA. No. You know, Senator, I don't even know if I destroyed it all. I went to look all over, yesterday, to see if I could find it, and I couldn't find it any place.

Senator WILEY. Well, I think you have another tax case here to be looked into, very definitely. I do not think you want your compromises around.

If they owe a lot of money they can get rid of it. What did they claim, that you and the other chap owed \$350,000? How much did you settle your judgment for?

Mr. DeLUCIA. About \$50,000.

Senator WILEY. How much was the judgment?

Mr. DeLUCIA. I think the judgment was around \$280,000, or something like that.

Senator WILEY. Well, there you have got it.

Mr. ROBINSON. How long did you say you knew Cifoni?

Mr. DeLUCIA. Oh, I knew Cifoni for quite a while.

Mr. ROBINSON. And what did he do in Cicero? What was his work in Cicero?

Mr. DeLUCIA. I don't know what he was doing in Cicero.

Mr. ROBINSON. Didn't he have charge of the alcohol cookers in Cicero for Capone?

Mr. DeLUCIA. Not to my knowledge.

Mr. ROBINSON. Did you ever hear of it?

Mr. DeLUCIA. No.

Mr. ROBINSON. Did you ever hear rumors about it?

Mr. DeLUCIA. No.

Mr. ROBINSON. Did he work for you after repeal?

Mr. DeLUCIA. No. He never worked for me before.

Mr. ROBINSON. He never worked for you?

Mr. DeLUCIA. No.

Mr. ROBINSON. Was he associated with the elevators union?

Mr. DeLUCIA. I don't know anything about that.

Mr. ROBINSON. You don't know whether he was ever associated with them?

Mr. DeLUCIA. I don't know.

Mr. ROBINSON. What happened to him?

Mr. DeLUCIA. He got killed.

Mr. ROBINSON. How?

Mr. DeLUCIA. I don't know.

Mr. ROBINSON. Do you know Aiuppa?

Mr. DeLUCIA. I think I do, but not to any extent.

Mr. ROBINSON. What does he do?

Mr. DeLUCIA. I don't know. I just know him by sight.

Mr. ROBINSON. Is he a friend of Campagna's?

Mr. DeLUCIA. I don't know.

Mr. ROBINSON. Wasn't he put into the bartenders' union by you and Campagna?

Mr. DeLUCIA. No, no.

Mr. ROBINSON. Do you know Claude Maddox?

Mr. DeLUCIA. I might have seen him some place, but I never had anything to do with him.

Mr. ROBINSON. You know him?

Mr. DeLUCIA. I know him.

Mr. ROBINSON. How long have you known him?

Mr. DeLUCIA. Oh, I don't know. It might have been some time, but I never had anything to do with him. I know a lot of people, and I am not denying it. So I am just telling you the best I know how. That doesn't mean that I ever did anything with them.

Mr. ROBINSON. Have you talked to Campagna and Gioe about your appearance here?

Mr. DeLUCIA. No. We met when we was in court. What was it? The 5th. We met in court, and then we were told about your subpena, and all that, and he went back, and we were told to come over here. And last night I got in a plane, and I met Louie at the station. He was getting off another plane. We met this morning. We went to the parole officer. We went up there. He worked there, and I got there first, and he got there. He saw Mr. Ower, and from there I came here by myself, and we met over here.

Mr. ROBINSON. You met at the plane last night?

Mr. DeLUCIA. No, at the station, where we were getting the baggage. I took one plane, and he took another plane.

Mr. ROBINSON. Were you ever in partnership with Russell?

Mr. DeLUCIA. No.

Mr. ROBINSON. You were never in partnership with Russell at any time or place in Chicago?

Mr. DeLUCIA. No. No.

Mr. ROBINSON. Do you know James Ragen? Did you know James Ragen?

Mr. DeLUCIA. I don't think—I think I saw him once in Florida.

Mr. ROBINSON. Did you meet him in Chicago?

Mr. DeLUCIA. No. I don't know; maybe I did. But I don't recall any instance.

Mr. ROBINSON. Do you know what business he was in?

Mr. DeLUCIA. Yes; he was in the wire affair.

Mr. ROBINSON. The wire service business?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Did you know Patrick Burns?

Mr. DeLUCIA. No.

Mr. ROBINSON. Never heard of him?

Mr. DeLUCIA. No.

Mr. ROBINSON. Do you know anyone by the name of McBride?

Mr. DeLUCIA. No.

Mr. ROBINSON. In Cleveland? You never have met him?

Mr. DeLUCIA. I might have met him, but I don't recall it.

Mr. ROBINSON. Do you know any other people connected with the wire service?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Do you know Levin, Hymie Levin, or Levine?

Mr. DeLUCIA. Hymie Levine, yes.

Mr. ROBINSON. Do you know whether he was connected with the wire service?

Mr. DeLUCIA. No.

Mr. ROBINSON. What business was he in?

Mr. DeLUCIA. Oh, Hymie Levine was in the gambling business, too.

Mr. ROBINSON. What type of gambling business was he in?

Mr. DeLUCIA. He had a booth or something. I don't know.

Mr. ROBINSON. Wasn't he also in the wire service business?

Mr. DeLUCIA. I don't know that.

Mr. ROBINSON. Did you ever hear of the R. & H. Publishing Co.?

Mr. DeLUCIA. No.

Mr. ROBINSON. Do you know Roy Jones?

Mr. DeLUCIA. No.

Mr. ROBINSON. Do you know George Kelly?

Mr. DeLUCIA. No.

Mr. ROBINSON. Do you know any of the Kellys in the wire service business?

Mr. DeLUCIA. I know Tom Kelly, the restaurant man. I don't know whether he is mixed up with that or not. That is all I know.

Mr. ROBINSON. During the time from '40 to '43, you were in the gambling business; is that right?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. What type of books did you keep?

Mr. DeLUCIA. Well, my books was like—at the end of the year what I find over, that is what I have.

Mr. ROBINSON. Wasn't everything handled on a cash basis?

Mr. DeLUCIA. A cash basis, yes.

Mr. ROBINSON. You kept no records at all?

Mr. DeLUCIA. Yes. No records.

Mr. ROBINSON. And didn't you also handle all your other business on a cash basis?

Mr. DeLUCIA. That is right.

Mr. ROBINSON. You never used a banking account or used checks at all?

Mr. DeLUCIA. No. I put money in the bank.

Mr. ROBINSON. You never paid any bills by check?

Mr. DeLUCIA. Oh, yes.

Mr. ROBINSON. Did you ever handle any bets from people outside of Chicago?

Mr. DeLUCIA. No.

Mr. ROBINSON. Did you ever lay off any bets with anyone outside of Chicago?

Mr. DeLUCIA. No.

Mr. ROBINSON. Have you ever heard yourself described as being a member of the Capone syndicate?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. How did that come about?

Mr. DeLUCIA. The newspapers.

Mr. ROBINSON. Were you ever a member of that group?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Isn't it true that you were intimately associated with Nitti and Capone?

Mr. DeLUCIA. No; I was friendly, but not intimately associated.

Mr. ROBINSON. Just what was the extent of your being friendly with him? Was it purely social?

Mr. DeLUCIA. Yes. Well, I told you. Al used to bet with me. Like he was in the box at the race track, and he would say, "I will bet you so much on this and that." If I wanted to, I would; and, if not, I wouldn't take it.

Mr. ROBINSON. That was your only association with Capone?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. You had no interest in the liquor business or any other business that Capone had or Nitti had?

Mr. DeLUCIA. No.

Mr. HALLEY. Who is Hugo Bennett?

Mr. DeLUCIA. He is a bookkeeper for the Sportsman's track.

Mr. HALLEY. And did you have any financial transactions with him?

Mr. DeLUCIA. Yes; he made me a mortgage for \$40,000.

Mr. HALLEY. On what?

Mr. DeLUCIA. On my house at Long Beach. And recently he gave me a mortgage for \$40,000 on my farm.

Mr. HALLEY. How much do you owe Hugo Bennett now?

Mr. DeLUCIA. \$80,000.

Mr. HALLEY. \$80,000?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Is that the money at Sportsman's Park, or his own personal money?

Mr. DeLUCIA. That is his own money.

Mr. HALLEY. How long have you known Hugo Bennett?

Mr. DeLUCIA. I knew him for a long time. I knew his father. I knew him when he was going to school.

Mr. HALLEY. You knew him and John Patton together, I suppose?

Mr. DeLUCIA. No; I didn't know him and John. I know they are friends.

Mr. HALLEY. Do you ever go out to Sportsman's Park?

Mr. DeLUCIA. No. I could go, but I never did.

Mr. HALLEY. Have you ever gone?

Mr. DeLUCIA. No; I never did.

Mr. HALLEY. When did you meet Bennett to talk about the mortgage?

Mr. DeLUCIA. I called him, over at the house.

Mr. HALLEY. How did you know that Bennett would have \$80,000?

Mr. DeLUCIA. I asked him if I could borrow some money, and he said "Yes."

Mr. HALLEY. Why did you pick Bennett?

Mr. DeLUCIA. Well, because I know he is well off. I can't go, you know, to everybody for money. I can't go to the bank and borrow money.

Mr. HALLEY. Bennett works for Bill Johnston; doesn't he?

Mr. DeLUCIA. I don't know.

Mr. HALLEY. Well, Johnston is the head of Sportsman's Park; isn't he?

Mr. DeLUCIA. Yes. But he is in Florida, too, Bennett is. He lives in Florida.

Mr. HALLEY. And so is Johnston. They are together in the dog tracks, too.

Mr. DeLUCIA. Yes.

Mr. HALLEY. Did you ever have an interest in any of the dog tracks?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. Did you ever own any stock in any dog track?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. Or in any race track?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. What other financial dealings did you ever have with Hugo Bennett?

Mr. DeLUCIA. That is all.

Mr. HALLEY. None prior to that? Well, why did you pick Bennett, aside from anyone else, to borrow \$80,000 from?

Mr. DeLUCIA. Well, I just asked him. I said, "How can I get this?" And he said, "I will do it for you."

Mr. HALLEY. Why did you ask Bennett? Why didn't you go to a bank? Your property had value. You could have got a mortgage from a bank.

Mr. DeLUCIA. I couldn't have gotten any money from a bank. There is a law that once you have a first mortgage you can't get another mortgage. I went through all that. I tried.

Mr. HALLEY. Did you give Bennett second mortgages?

Mr. DeLUCIA. Yes.

Mr. HALLEY. And he holds them today?

Mr. DeLUCIA. Yes. He has a first mortgage on the house at Long Beach, though. The house at Long Beach was clear.

Mr. HALLEY. How much was that mortgage?

Mr. DeLUCIA. \$40,000.

Mr. HALLEY. And another \$40,000 on the farm?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Have you ever bank rolled any gambling house?

Mr. DeLUCIA. No.

Mr. HALLEY. Did you ever lend anybody any money for the bank rolling of a gambling house?

Mr. DeLUCIA. No.

Mr. HALLEY. Did you ever have any interest in any gambling house?

Mr. DeLUCIA. No.

Mr. HALLEY. Did you ever have any interest in a crap game?

Mr. DeLUCIA. No.

Mr. HALLEY. Or in a dice game?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. At no time?

Mr. DeLUCIA. At no time.

Mr. HALLEY. What interest do you pay Bennett?

Mr. DeLUCIA. Oh, I don't know what it is, 4 percent or 6 percent. I don't know.

Mr. HALLEY. Did you pay any of the principal back?

Mr. DeLUCIA. No; I have an understand that in 5 years I pay interest.

Mr. HALLEY. You mean right now you pay nothing?

Mr. DeLUCIA. No.

Mr. HALLEY. No interest and no principal?

Mr. DeLUCIA. No.

Mr. HALLEY. That is a nice mortgage; isn't it?

Mr. DeLUCIA. Well, he is a friend of mine. I can't go to the bank. It is a friendly transaction.

Mr. HALLEY. You still have not explained how you became a friend of Hugo Bennett's.

Mr. DeLUCIA. I told you, I know his father. I know his whole family. I know his brother.

Mr. HALLEY. How did you get to know his family?

Mr. DeLUCIA. Well, I know his brother. Patsy is dead now. We were kind of friendly. He was coming over to the house all the time. That is how I got to know the family.

Mr. HALLEY. They were part of the Capone mob; weren't they?

Mr. DeLUCIA. No; they weren't.

Mr. HALLEY. They were friendly with Capone; weren't they?

Mr. DeLUCIA. No.

Mr. HALLEY. They didn't know Capone?

Mr. DeLUCIA. I suppose they did; yes.

Mr. HALLEY. Let's stop the nonsense. They knew Capone; didn't they?

Mr. DeLUCIA. No; because this boy came up at the time Capone was in jail.

Mr. HALLEY. We are talking about his father, that you knew.

Mr. DeLUCIA. His father is a painter.

Mr. HALLEY. A painter?

Mr. DeLUCIA. Yes. There is nothing wrong about that. I bought a painting from him that he made at the house.

Mr. HALLEY. And how did you get to know his father?

Mr. DeLUCIA. Because I knew him a long time, and I knew his brother Patsy very well.

Mr. HALLEY. How did you get to know them?

Mr. DeLUCIA. How do you get to know people? It is just a friendly affair, people that you know for a long time.

Mr. HALLEY. You knew them from their associations with Capone and Fischetti?

Mr. DeLUCIA. There is no association there at all.

Mr. HALLEY. Wasn't there such an association with Hugo Bennett?

Mr. DeLUCIA. There is no such association with Capone, because I think Al Capone was already in jail when he got the job.

Mr. HALLEY. You know very well when Al Capone went to jail it was understood all over Chicago that certain people carried on for Capone.

Mr. DeLUCIA. Oh, yes.

Mr. HALLEY. And one of those people is Jake Guzik; is that right?

Mr. DeLUCIA. I don't know.

Mr. HALLEY. You heard that; didn't you?

Mr. DeLUCIA. I hear a lot of things.

Mr. HALLEY. Well, didn't you hear that?

Mr. DeLUCIA. No.

Mr. HALLEY. You never heard that Jake Guzik carried on?

Mr. DeLUCIA. No.

Mr. HALLEY. You never heard that Fischetti carried on?

Mr. DeLUCIA. They assumed that a lot of people carried on.

Mr. HALLEY. Did you ever hear it said that you carried on?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Did you?

Mr. DeLUCIA. No.

Mr. HALLEY. You have been done a great injustice, according to yourself. You were wrongfully convicted of extortion in the movie case?

Mr. DeLUCIA. That is right.

Mr. HALLEY. And is it your contention also that when you met Gioe in the bartenders' case——

Mr. DeLUCIA. I never met him. And, when he came up in court to identify, he didn't identify.

Mr. HALLEY. Who was the man who tried to identify you?

Mr. DeLUCIA. Whoever it was, that man——

Mr. HALLEY. McLane?

Mr. DeLUCIA. McLane, yes.

Mr. HALLEY. And did somebody intimidate him before the case came to court? Maybe somebody spoke to him and told him what would happen to him.

Mr. DeLUCIA. All I can tell you is that I never met the man in my life. He just picked my name out of the paper and said I was in the restaurant there. I never met him in my life.

Mr. HALLEY. Well, were you ever there?

Mr. DeLUCIA. In the restaurant?

Mr. HALLEY. Yes.

Mr. DeLUCIA. Oh, sure, I was in the restaurant. But I never met the man in my life, never had anything to do with him.

Mr. HALLEY. Did you ever meet Louis Romano?

Mr. DeLUCIA. Yes; I met him.

Mr. HALLEY. He was the president of the union; wasn't he?

Mr. DeLUCIA. That is what he was supposed to be. I don't know.

Mr. HALLEY. Did you ever meet Frank Nitti?

Mr. DeLUCIA. Sure.

Mr. HALLEY. And you knew Murray Humphreys?

Mr. DeLUCIA. Yes.

Mr. HALLEY. And you knew Lou Campagna?

Mr. DeLUCIA. Yes.

Mr. HALLEY. And you knew Frank Abbott?

Mr. DeLUCIA. No.

Mr. HALLEY. But you knew all the others?

Mr. DeLUCIA. Yes.

Mr. HALLEY. And you say it was a great injustice to accuse you of trying to take over that union?

Mr. DeLUCIA. You darn right. Because that man never met me. They never saw me. They just put my name in there.

The CHAIRMAN. Well, were you a member of the union?

Mr. DeLUCIA. No.

The CHAIRMAN. Did you have anything to do with the union?

Mr. DeLUCIA. No. No, Senator.

Mr. HALLEY. Did you ever have anything to do with the Retail Clerks Union?

Mr. DeLUCIA. No.

Mr. HALLEY. Did you ever hear of the Retail Clerks International Protective Association, Local 1248?

Mr. DeLUCIA. No, no, no, no.

Mr. HALLEY. You have heard of it; haven't you?

Mr. DeLUCIA. No; I don't know anything about that stuff.

Mr. HALLEY. Well, just before you went to jail, didn't the newspapers claim you were trying to clean out that union, too?

Mr. DeLUCIA. No; no such thing.

Mr. HALLEY. Do you know Max Caldwell?

Mr. DeLUCIA. I might have met him. I don't remember.

Mr. HALLEY. Well, let's get it down right, now. Either you know him or you don't. Max Pollock? He is also known as Max Pollock.

Mr. DeLUCIA. I know a lot of people, so it wouldn't be nothing missing if I tell you I don't know the fellow and I might have met him by some coincidence. And then you could prove me to perjury.

Mr. HALLEY. We are not going to keep this up all day. You are here under subpoena. I want to tell you that for a man who is here under oath your answers are completely unsatisfactory. You haven't given us any more reason to believe your explanation of why you should get an \$80,000 loan from Hugo Bennett than you have as to how you know Max Caldwell. You will have to give more definite answers.

Mr. DeLUCIA. I can't give you a more definite answer than that.

Mr. HALLEY. Do you know Max Caldwell?

Mr. DeLUCIA. I will say "No"; but that doesn't mean I might not have met him someplace. Why should I be held to a thing like that? I might have met him or seen him, and that is all.

Mr. HALLEY. Do you know Max Pollock?

Mr. DeLUCIA. No, no.

Mr. HALLEY. That is another name for Max Caldwell.

Mr. DeLUCIA. There you are. You see?

Mr. HALLEY. But you might have met Max Caldwell?

Mr. DeLUCIA. I might. If I know, I will tell you.

Mr. HALLEY. And you think you may or may not have known Pollock?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Did you ever try to get money from the Retail Clerks Union?

Mr. DeLUCIA. No.

Mr. HALLEY. Did you ever get any?

Mr. DeLUCIA. No, no.

Mr. HALLEY. You weren't a member of it?

Mr. DeLUCIA. No.

Mr. ROBINSON. Do you know Louis Greenberg?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. How well do you know him?

Mr. DeLUCIA. Well, I wouldn't say I know him well. I know Greenberg by——

Mr. ROBINSON. What business is he in?

Mr. DeLUCIA. He has an insurance company. He has a brewery. He is a real-estate man, and all that.

Mr. ROBINSON. And he has an interest in the Seneca Hotel?

Mr. DeLUCIA. He might.

Mr. ROBINSON. What brewery company?

Mr. DeLUCIA. The Manhattan.

Mr. ROBINSON. How about Canadian Ace?

Mr. DeLUCIA. That is right. They changed the name. When I knew it, it was Manette.

Mr. ROBINSON. Didn't he take that over from Capone?

Mr. DeLUCIA. I don't know.

Mr. ROBINSON. You don't know that?

Mr. DeLUCIA. I don't think he took that over from Capone. Capone went to jail before prohibition; wasn't it?

Mr. ROBINSON. Who had the Manhattan Brewery Co.?

Mr. DeLUCIA. I don't know.

Mr. ROBINSON. Didn't Al Capone own the Manhattan Brewery Co.?

Mr. DeLUCIA. I don't think so. I never heard of it.

Mr. ROBINSON. Which one of these houses that you have has a wall around it?

Mr. DeLUCIA. None.

Mr. ROBINSON. You don't have any that has a wall around it?

Mr. DeLUCIA. No. My houses are all open.

Mr. ROBINSON. Do you hire anyone as a guard?

Mr. DeLUCIA. Yes, a caretaker.

Mr. ROBINSON. What is his name?

Mr. DeLUCIA. Jim Samarino.

Mr. ROBINSON. What is his background?

Mr. DeLUCIA. He is a worker. He has been working for me for 20 years, for at least 15 years.

Mr. ROBINSON. Does he have a criminal record?

Mr. DeLUCIA. I don't think so. No; he hasn't.

Mr. ROBINSON. He hasn't?

Mr. DeLUCIA. No.

Mr. ROBINSON. You never inquired to find out?

Mr. DeLUCIA. No, but I know he hasn't, because he is a worker.

Mr. ROBINSON. Is he also a bodyguard?

Mr. DeLUCIA. No; he isn't a bodyguard. He is a working man who takes care of the grounds, and all that.

Mr. ROBINSON. Do you have a bodyguard?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Who else is a guard out there?

Mr. DeLUCIA. Nobody.

Mr. ROBINSON. He is the only one?

Mr. DeLUCIA. Yes. He is still out there.

The CHAIRMAN. Let me ask what Mr. DeLucia's record has been. How many times have you been arrested, Mr. DeLucia?

Mr. DeLUCIA. I have been arrested several times, Senator.

The CHAIRMAN. Well, let us name the times.

Mr. DeLUCIA. That is hard for me to say. You have them in the record there.

The CHAIRMAN. What have you been arrested for?

Mr. DeLUCIA. Just pickup.

The CHAIRMAN. Gambling?

Mr. DeLUCIA. No; no gambling.

The CHAIRMAN. And you were arrested and tried on this extortion case?

Mr. DeLUCIA. That is right.

The CHAIRMAN. What other times have you ever been in jail? Any other times?

Mr. DeLUCIA. No.

The CHAIRMAN. Those were the only ones?

Mr. DeLUCIA. Yes.

The CHAIRMAN. Never had an income-tax case send you to jail?

Mr. DeLUCIA. That is the only case.

The CHAIRMAN. You had a suit here against somebody about an elevator, when an elevator fell?

Mr. DeLUCIA. Yes; I fell down and broke my hip.

The CHAIRMAN. You were with the two Fischetti boys when the elevator fell?

Mr. DeLUCIA. Yes.

The CHAIRMAN. Where was that?

Mr. DeLUCIA. That was in an antique shop. I went to look at a painting, and we fell down in the elevator.

The CHAIRMAN. Just the three of you in the elevator?

Mr. DeLUCIA. I think it was four or five of us. I don't know. It was me, Charlie Fischetti, a fellow by the name of Bobby Carnahan, the elevator boy, and I don't know who else, maybe one——

The CHAIRMAN. One of the two Fischetti boys?

Mr. DeLUCIA. Yes, Joe Fischetti maybe.

The CHAIRMAN. What were you and the Fischettis doing together on that occasion?

Mr. DeLUCIA. I went there to look at a painting. They told me they had a painting there.

The CHAIRMAN. They had a painting?

Mr. DeLUCIA. Yes. It was an antique shop.

The CHAIRMAN. Who called you? One of the Fischettis?

Mr. DeLUCIA. No; I passed by there. I went by there all the time. They told me there was a painting, and I went to look at it, and on the way down the elevator fell.

The CHAIRMAN. When you did all this gambling, did you have an office?

Mr. DeLUCIA. No.

The CHAIRMAN. Did you just see Al Capone and others around the hotel?

Mr. DeLUCIA. That is right.

The CHAIRMAN. All of it at the hotel?

Mr. DeLUCIA. Yes.

The CHAIRMAN. The Lexington Hotel.

Mr. DeLUCIA. That is right.

The CHAIRMAN. When you went out to the race track, would you take their bets out there?

Mr. DeLUCIA. I went out to bet, myself, at the windows, and all that.

The CHAIRMAN. I know, but would you take bets from people at the race track?

Mr. DeLUCIA. Yes.

The CHAIRMAN. And also at the hotel. How did they all want to bet with you? Did 10 or 12 people bet with you a day?

Mr. DeLUCIA. Oh, no. It all depends.

The CHAIRMAN. And you would make \$100,000 a year out of betting with people?

Mr. DeLUCIA. Yes.

The CHAIRMAN. Anything else?

Mr. ROBINSON. Did you also bet in the bookie places?

Mr. DeLUCIA. I did; yes. It was a commission house, you know.

Mr. HALLEY. You mean Harry Russell's?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Was that where you did most of your betting?

Mr. DeLUCIA. Part of it.

Mr. ROBINSON. Where was the rest?

Mr. DeLUCIA. The rest of it was at the track.

Mr. ROBINSON. Any other books?

Mr. DeLUCIA. Some other books.

Mr. ROBINSON. What other ones?

Mr. DeLUCIA. I tell you, you are going to laugh at me, because you are going to say "The man is sick." Levine had a book, and I used to bet over there; but he is sick now.

Mr. ROBINSON. I know that. How often would you bet at Levine's?

Mr. DeLUCIA. Quite often.

Mr. ROBINSON. What was the name of his place?

Mr. DeLUCIA. I don't know. He had a few places. He would move here and there, and all that.

Mr. ROBINSON. What other places?

Mr. DeLUCIA. Oh, I don't know what places.

Mr. ROBINSON. Can't you name some more?

Mr. DeLUCIA. No. It was them days, you know. Then I went to jail, you see. And that is all. I don't know now who has anything.

Mr. ROBINSON. Most of your betting was done at Levine's and Russell's that wasn't done at the track?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Are you interested in paintings?

Mr. DeLUCIA. Well——

Mr. ROBINSON. Are you interested in paintings?

Mr. DeLUCIA. No.

Mr. ROBINSON. You say you were up some place looking at a painting.

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Do you acquire paintings?

Mr. DeLUCIA. No; I didn't buy that painting.

Mr. ROBINSON. Were you thinking of buying it?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. What was the price of it?

Mr. DeLUCIA. Oh, a couple of hundred dollars.

Mr. ROBINSON. \$1,200?

Mr. DeLUCIA. A couple of hundred dollars.

Mr. ROBINSON. Have you bought paintings?

Mr. DeLUCIA. Yes, off and on.

Mr. ROBINSON. And how many have you bought?

Mr. DeLUCIA. Well, I bought some for \$25, some for \$50, or something like that.

Mr. ROBINSON. What is the highest price you have paid for a painting?

Mr. DeLUCIA. About \$400.

Mr. ROBINSON. How much?

Mr. DeLUCIA. \$400. Well, \$400 or \$600. I think one I paid \$500 or \$600 for.

Mr. ROBINSON. Did you ever pay over a thousand dollars for one?

Mr. DeLUCIA. No, never.

Mr. ROBINSON. Do you make contributions to charities?

Mr. DeLUCIA. Oh, yes.

Mr. ROBINSON. Do you record those on your tax return?

Mr. DeLUCIA. No.

Mr. ROBINSON. Why not?

Mr. DeLUCIA. Well, what is the use? I put my expense; that is all. I give to the Catholic Church, a hundred dollars at Christmas, or something like that.

Mr. ROBINSON. And you never record that for deduction purposes?

Mr. DeLUCIA. No.

Mr. ROBINSON. Have you made political contributions?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Never?

Mr. DeLUCIA. Never.

Mr. ROBINSON. Never through any one else?

Mr. DeLUCIA. Never.

Mr. ROBINSON. You were arrested in November 1932, at the Planters Hotel; is that right?

Mr. DeLUCIA. Where?

Mr. ROBINSON. At the Planters Hotel.

Mr. DeLUCIA. At the Planters?

Mr. ROBINSON. Well, were you arrested in 1932?

Mr. DeLUCIA. Where? Where at? Where was it?

Mr. ROBINSON. Well, I am asking you.

Mr. DeLUCIA. I don't remember the years.

Mr. ROBINSON. You don't remember whether you were arrested in 1932?

Mr. DeLUCIA. What was the occasion? Oh, I remember, but I don't remember the year.

Mr. ROBINSON. You don't remember that?

Mr. DeLUCIA. I don't remember the year. Maybe it was so. I don't remember the occasion.

Mr. ROBINSON. Do you remember with whom you were arrested around about that time?

Mr. DeLUCIA. Well, I told you I was arrested with Loki. Is that what you mean? That is the Congress Hotel, isn't it?

Mr. ROBINSON. Do you remember having been arrested in 1930, at South Halsted Street?

Mr. DeLUCIA. Where?

Mr. ROBINSON. South Halsted Street.

Mr. DeLUCIA. Yes. That is right, yes.

Mr. ROBINSON. Who else was arrested?

Mr. DeLUCIA. I don't remember.

Mr. ROBINSON. Weren't there other people there?

Mr. DeLUCIA. I don't know. You can refresh my memory.

Mr. ROBINSON. Weren't there other people who were arrested there at the time?

Mr. DeLUCIA. I don't know.

Mr. ROBINSON. It had something to do with listening to illegal returns over the radio.

Mr. DeLUCIA. Oh, yes. That was Charlie Coe, or something like that, a politician. He was running for Congressman, for State representative, or something. I don't remember. We were up there listening. Yes; I remember that.

Mr. ROBINSON. Who else was there?

Mr. DeLUCIA. Oh, Frankie Rio, I think, and Charlie Correa. You have them there. Why should you ask me? I will believe what you say. I won't deny it.

Mr. ROBINSON. I don't want you to admit it. I want you to recall it.

Mr. DeLUCIA. I don't remember all those names.

Mr. ROBINSON. Nitti killed himself? Is that right?

Mr. DeLUCIA. That is right.

Mr. ROBINSON. Do you know why?

Mr. DeLUCIA. He got up in the morning, and he killed himself.

Mr. ROBINSON. You don't have any reasons of your own as to why he killed himself?

Mr. DeLUCIA. No.

Mr. ROBINSON. Were you associated with him at that time?

Mr. DeLUCIA. In the trial, yes.

Mr. HALLEY. Do you know Tony Resotti?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know him as Jack Bracton?

Mr. DeLUCIA. I know Jack Bracton.

Mr. HALLEY. Did you know that his real name was Resotti?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Mike Lemandre?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Hal LaRocca?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Salvatore Migeri?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you know Joe Tocco?

Mr. DeLUCIA. Who?

Mr. HALLEY. Joseph Tocco.

Mr. DeLUCIA. No.

Mr. HALLEY. You don't know him?

Mr. DeLUCIA. No.

The CHAIRMAN. Who do you know out at Kansas City? Did you know Gargotta?

Mr. DeLUCIA. No.

The CHAIRMAN. Did you ever go to Kansas City?

Mr. DeLUCIA. I was there when I came out.

The CHAIRMAN. I know, but did you ever go there before that?

Mr. DeLUCIA. No.

Mr. HALLEY. Did you know Balestrere?

Mr. DeLUCIA. No. I know Gizzo, if that is what you want.

The CHAIRMAN. How do you know Gizzo?

Mr. DeLUCIA. I met Gizzo in Florida with his wife.

The CHAIRMAN. Did you ever have any business with him?

Mr. DeLUCIA. No.

Mr. HALLEY. Did you know Binaggio?

Mr. DeLUCIA. No.

Mr. ROBINSON. How often did you go to Florida?

Mr. DeLUCIA. Well, I went to Florida one year. It was in '38. I kept the family there about 6 months. That is all.

Mr. ROBINSON. That is the only time you were ever in Florida?

Mr. DeLUCIA. Before, I went and came back after a few days.

Mr. ROBINSON. Who would you visit when you were there?

Mr. DeLUCIA. Well, I would visit Al or somebody else.

Mr. ROBINSON. You would stay at his house?

Mr. DeLUCIA. No; I would get a place, you know.

Mr. ROBINSON. Who else would you visit besides Al?

Mr. DeLUCIA. Well, whoever was around.

Mr. ROBINSON. Well, who? Try and remember some of them.

Mr. DeLUCIA. I don't remember them. It is a long time ago, and there is no use in my mentioning names when I can't recall.

Mr. ROBINSON. He is the only one that you can recall?

Mr. DeLUCIA. Yes. He is the only one I can say for sure. Maybe I met someone else. I can't say.

Mr. ROBINSON. You were one of his closest friends, weren't you?

Mr. DeLUCIA. I wasn't his closest friend. I was in trust. That is all.

Mr. ROBINSON. You were very close to him?

Mr. DeLUCIA. No one was close to Al.

Mr. ROBINSON. You were as close as anyone?

Mr. DeLUCIA. Oh, no. Don't say that.

Mr. ROBINSON. Who else was as close?

Mr. DeLUCIA. I don't know.

Mr. ROBINSON. Did you own a house at 5301 West Jackson Street?

Mr. DeLUCIA. No; I was living there.

Mr. ROBINSON. What is that?

Mr. DeLUCIA. I was renting there.

Mr. ROBINSON. You were renting there. You never owned that?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Did that place have a wall around it?

Mr. DeLUCIA. No. Who tell you those thing?

The CHAIRMAN. Mr. DeLucia, you can go back to Chicago. This meeting is recessed, and you are still subject to subpoena. I mean, the subpoena is still to be held in force as to you. And we will expect that when you are notified to appear again, on the same subpoena that you now have, you will be there. Now as quickly as possible, we will go through these books and return which ones we can to you.

I suppose you need this book on your employees on your farm; so that will be gotten back to you as soon as possible.

You, upon the request of Mr. Robinson, will bring in the checks and the bank statements?

Mr. DeLUCIA. You mean this Mr. Robinson in Chicago? You want the checks and what else?

Mr. HALLEY. All of your papers, whatever you have. You understand what the chairman has said?

Mr. DeLUCIA. Yes. Sure.

The CHAIRMAN. Then you will be excused for this time.

Mr. ROBINSON. Excuse me. I would like to clarify one thing, perhaps. Are these records the records that you turned over to the parole officer in Chicago?

Mr. DeLUCIA. That is right.

Mr. ROBINSON. And you borrowed those from him to produce here?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. You are required to do that by the parole officer?

Mr. DeLUCIA. He call me in there.

Mr. ROBINSON. You are required periodically to show him everything?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. And you produced these books to do that?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. But that is only from the time you came out of the penitentiary?

The CHAIRMAN. You work this matter out, then, with the parole officer, and we will expect you to bring it to Mr. Robinson the canceled checks, the bank statements, or anything else you have, for his inspection.

Mr. DeLUCIA. When do you want me to bring?

Mr. ROBINSON. I will notify you.

Mr. DeLUCIA. Are the books to be left here?

The CHAIRMAN. They will be left here today. They will be brought back out to Chicago.

Anything else?

Mr. ROBINSON. That is all, Mr. Chairman.

The CHAIRMAN. All right, sir.

There is nothing else. You are free to return home. We will stand in recess until 1:30.

(Whereupon, at 12:25 p. m., a recess was taken until 1:30 p. m., the same day.)

AFTER RECESS

The CHAIRMAN. The committee will come to order.

Mr. Campagna, you have been sworn, and I think we might as well have an understanding here to start with. The committee, the easy

way or the hard way, is going to get any facts you know. We will get along a whole lot faster and better if you will be frank and not hesitate in answering questions, not try to avoid them, and tell us what information we want, because you are going to remain under subpoena until we get through with our investigation. So we can save a lot of time if you will just tell us what we are interested in without us having to drag it out of you bit by bit.

TESTIMONY OF LOUIS CAMPAGNA, BERWYN, ILL.

Mr. ROBINSON. Will you state your full name?

Mr. CAMPAGNA. Louis Campagna.

Mr. ROBINSON. Is that your real name?

Mr. CAMPAGNA. It is.

Mr. ROBINSON. Mr. Campagna, this is exhibit No. 5 I am showing you. You were served with a subpoena to produce certain books and records?

Mr. CAMPAGNA. Yes; I was.

Mr. ROBINSON. I submit this as exhibit No. 5.

The CHAIRMAN. It will be made a part of the record as exhibit No. 5. (Exhibit No. 5 appears in the appendix on p. 1379.)

Mr. ROBINSON. Mr. Campagna, that subpoena calls for certain books and records.

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. Do you have those books and records?

Mr. CAMPAGNA. I have as much as I could get. I got everything from my auditor.

Mr. ROBINSON. Will you produce them, please?

Mr. CAMPAGNA. I certainly will.

Mr. ROBINSON. Who is your auditor?

Mr. CAMPAGNA. Bansley & Keiner.

The CHAIRMAN. Is that a firm?

Mr. CAMPAGNA. Yes, sir.

The CHAIRMAN. Where are they?

Mr. CAMPAGNA. They are located on Wells Street, Chicago.

Mr. ROBINSON. How long have they been your auditor?

Mr. CAMPAGNA. I think since 1938 or 1937.

Mr. ROBINSON. They have handled your books and records and your tax work ever since that time?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. Do you have these in any way so that you can identify them?

Mr. CAMPAGNA. No.

Mr. ROBINSON. By grouping, I mean.

Mr. CAMPAGNA. His grouping is in this book.

Mr. ROBINSON. Let us take the book as exhibit No. 6.

The CHAIRMAN. That is the ledger, exhibit No. 6.

Mr. ROBINSON. Let us call exhibit No. 7, the brown envelope, miscellaneous bills and papers.

The CHAIRMAN. It will be made a part of the record as such.

(Exhibits No. 6 and 7 were later returned to witness.)

Mr. ROBINSON. Do you have one that has copies of your income-tax returns?

Mr. CAMPAGNA. How do you mean?

Mr. ROBINSON. Do you have a folder that contains all the copies of your income-tax returns?

Mr. CAMPAGNA. This is the one here.

The CHAIRMAN. That will be exhibit No. 8.

(Exhibit No. 8 was returned to witness after analysis by the committee.)

Mr. CAMPAGNA. Here are a couple in here, 1949. I am not sure.

Mr. ROBINSON. If you have tax returns in there, let us put them all together.

Mr. CAMPAGNA. I think they are all in there together. Whatever is here, he gave me the whole thing.

Mr. ROBINSON. Exhibit No. 9 is also some miscellaneous documents.

Mr. ROBINSON. What else do you have?

Mr. CAMPAGNA. These here. I brought everything he gave me.

Mr. ROBINSON. Exhibit No. 10 is some income-tax returns and other documents.

The CHAIRMAN. They may be so marked.

Mr. ROBINSON. A manila folder, exhibit No. 11, miscellaneous documents.

The CHAIRMAN. That may be so marked.

(Exhibits Nos. 9, 10, and 11 were later returned to witness.)

Mr. ROBINSON. Do you have any other books and records in your possession that you have not produced?

Mr. CAMPAGNA. No, sir; I have not.

Mr. ROBINSON. Do you have any canceled checks?

Mr. CAMPAGNA. Yes; I have. My son has them. He handles the checking. I didn't have a chance to go down and get them. When I got the call, I came up here.

The CHAIRMAN. Can you get them and turn them over to Mr. Robinson, when he asks for them?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. How about bank statements?

Mr. CAMPAGNA. What do you mean?

Mr. ROBINSON. Does your son have those?

Mr. CAMPAGNA. I suppose he does.

Mr. ROBINSON. Are the documents you produced here merely the ones you had turned over to the probation officer in Chicago?

Mr. CAMPAGNA. No, I just turned over to him 1948 and 1949. He wanted to know what I did since the day I came home.

Mr. ROBINSON. Did you bring those documents with you?

Mr. CAMPAGNA. They are in there.

Mr. ROBINSON. But you do have some other documents?

Mr. CAMPAGNA. No; I haven't.

Mr. ROBINSON. Canceled checks and bank statements.

Mr. CAMPAGNA. The canceled check from the farm proceeds are in there. I will have to go down to Fowler, Ind., and get them. My son keeps them and handles all that.

Mr. ROBINSON. I wish you would get them and produce them for me when I notify you through the parole officer.

Mr. CAMPAGNA. That is fine.

Mr. ROBINSON. As to when do the records go back?

Mr. CAMPAGNA. There is a mix-up between the records on the farm and tenants. I went away in 1943 and I came home in 1947. There was tenant farmers and was mostly run on cash basis.

Mr. ROBINSON. How about the record from 1941? The subpoena calls for all records back to January 1941.

Mr. CAMPAGNA. They are all there. I am talking about the farm. Those are the only proceeds I have since I came home.

Mr. ROBINSON. In other words, what you have produced here and what your son has is the total amount of records covered by the subpoena?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. You are on parole at the present time?

Mr. CAMPAGNA. I believe so.

Mr. ROBINSON. Since 1947?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. And from 1943 to 1947, were you in prison?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. What business are you engaged in at the present time?

Mr. CAMPAGNA. Just handling the both farms, supervising and watching over them.

Mr. ROBINSON. What property do you own at the present time?

Mr. CAMPAGNA. I own a farm in Fowler, Ind., in partnership with my wife, and the home I live in in partnership with my wife.

Mr. ROBINSON. Where is your home?

Mr. CAMPAGNA. Berrien, Ill.

Mr. ROBINSON. Is that a residence?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. When did you acquire that residence?

Mr. CAMPAGNA. 1928 or 1929.

Mr. ROBINSON. What did you pay for it?

Mr. CAMPAGNA. \$13,500.

Mr. ROBINSON. What is the value at the present time?

Mr. CAMPAGNA. That I would not be able to state. Offhand you ask me something I could not judge myself.

Mr. ROBINSON. And have you made any improvements?

Mr. CAMPAGNA. I fixed the attic up.

Mr. ROBINSON. How much money did you put in the house?

Mr. CAMPAGNA. I judge I didn't put in more than three or four thousand more.

Mr. ROBINSON. When did you acquire the farm?

Mr. CAMPAGNA. In 1942.

Mr. ROBINSON. How many acres is it?

Mr. CAMPAGNA. 800 acres.

Mr. ROBINSON. What did you pay for it?

Mr. CAMPAGNA. \$100,000.

Mr. ROBINSON. Did you put any improvements into it?

Mr. CAMPAGNA. Yes, improvements to the buildings, painting. It was in pretty good shape. Some equipment also.

Mr. ROBINSON. What was the total value of what you put into the farm?

Mr. CAMPAGNA. I judge around \$20,000.

Mr. ROBINSON. It wouldn't be more than that?

Mr. CAMPAGNA. I wouldn't think it would, no, sir.

Mr. ROBINSON. Have you acquired any stock or machinery for the farm?

Mr. CAMPAGNA. Yes; that is all included.

Mr. ROBINSON. It would be included in the \$20,000?

Mr. CAMPAGNA. Yes, sir. I wish you wouldn't pin me down exactly to the figures because I am trying to do the best I can.

Mr. ROBINSON. Approximately. Your sole source of income since you came out of the penitentiary has been from the farm?

Mr. CAMPAGNA. Since 1943, since I went to the penitentiary, and since I came home that is the only source of revenue I have, outside of dividends on White Motors.

Mr. ROBINSON. What is the farm used for?

Mr. CAMPAGNA. We have steers; we have hogs; and we raise grain to try to feed our fattening out.

Mr. ROBINSON. Who runs it for you?

Mr. CAMPAGNA. My son runs the Indiana farm.

Mr. ROBINSON. Who superintends his running of it?

Mr. CAMPAGNA. I do.

Mr. ROBINSON. Who did while you were in prison?

Mr. CAMPAGNA. There was an elderly man when I took it over. He stayed there quite a while. When I went away they had a boy by the name of Davey Sheetz, if I am not mistaken, on a 50-50 basis.

Mr. ROBINSON. How many people do you employ on the farm?

Mr. CAMPAGNA. I think he employs two, besides he works himself.

The CHAIRMAN. Are there two farms involved here?

Mr. CAMPAGNA. There are two farms involved. One is strictly my wife's and I run it with her own chickens, and I have 40 head of cattle.

The CHAIRMAN. Is that at Fowler?

Mr. CAMPAGNA. No, sir; that is at Berrien Springs.

Mr. ROBINSON. What did you pay for that farm?

Mr. CAMPAGNA. \$3,800 and \$3,300, or \$7,100.

Mr. ROBINSON. She paid that for the farm?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. You advanced the money for that?

Mr. CAMPAGNA. Some of it.

Mr. ROBINSON. How large is the farm?

Mr. CAMPAGNA. Eighty acres.

Mr. ROBINSON. How much improvements have you put in that?

Mr. CAMPAGNA. There are quite a lot of improvements there.

Mr. ROBINSON. Roughly how much have you spent?

Mr. CAMPAGNA. There are a lot of donations. That is why I say, you spend on there, I say there are \$30,000 worth of improvements on there.

Mr. ROBINSON. Donations?

Mr. CAMPAGNA. Yes.

Mr. ROBINSON. What sort of donations?

Mr. CAMPAGNA. From cement, from 1933 to 1934, they sent up the cement, and I did a lot of my own work.

Mr. ROBINSON. Cement from your own company?

Mr. CAMPAGNA. No.

Mr. ROBINSON. How would you get donations of cement?

Mr. CAMPAGNA. Well, a fellow was in the labor and material service, and just friendly, and he sent me up some cement. He came up to visit me.

Mr. ROBINSON. How much did he send up to you?

Mr. CAMPAGNA. About 2,100 or 2,200 bags.

Mr. ROBINSON. What was his name?

Mr. CAMPAGNA. He is dead. Mike Grassio.

Mr. ROBINSON. When did you acquire that property, or your wife?

Mr. CAMPAGNA. I think she acquired it in 1932.

Mr. ROBINSON. And you still own it?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. What is the value of it now?

Mr. CAMPAGNA. Well, it is hard to tell. It is according to what people would pay if they wanted it.

The CHAIRMAN. Your best estimate.

Mr. CAMPAGNA. Well, I don't know. I don't think I could get \$40,000 for it if she went out and put it on the market. It is a fruit country center, and that is all you can raise. It is down at the low end of the river and for the last 3 or 4 years we have been flooded out. So I don't think anybody would be interested if they knew it.

Mr. ROBINSON. What other property do you own?

Mr. CAMPAGNA. That is all.

Mr. ROBINSON. What personal property do you own?

Mr. CAMPAGNA. Outside of what I have on me?

Mr. ROBINSON. Stocks, bonds.

Mr. CAMPAGNA. I own 300 shares of White Motors.

Mr. ROBINSON. When did you acquire that?

Mr. CAMPAGNA. I judge around 8 or 9 years ago.

Mr. ROBINSON. Do you remember what you paid for it?

Mr. CAMPAGNA. No; I don't. It was a variation, I think. I am not positive—33 for 100 and 23½ for the other 200. It may be a little less. I think I was 18. I am not positive.

Mr. ROBINSON. Do you still have it?

Mr. CAMPAGNA. Yes.

Mr. ROBINSON. What other stocks do you own?

Mr. CAMPAGNA. Between the both of us we have United States bonds.

Mr. ROBINSON. What amount?

Mr. CAMPAGNA. About \$15,000. That is not including the maturity.

Mr. ROBINSON. What other stock?

Mr. CAMPAGNA. That is all, sir.

Mr. ROBINSON. What stocks does your wife own?

Mr. CAMPAGNA. That is all she owns.

Mr. ROBINSON. There is no stock she owns?

Mr. CAMPAGNA. She owns 250 White Motors. I own 300 and she owns 250 shares.

Mr. ROBINSON. Did she acquire those at the same time you did?

Mr. CAMPAGNA. About the same time.

Mr. ROBINSON. Do you have any interest in any business?

Mr. CAMPAGNA. No, sir; I have not, outside of these farms.

Mr. ROBINSON. You receive no revenue from any other business?

Mr. CAMPAGNA. No, sir; I have not.

Mr. ROBINSON. Except the farms.

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. You are talking now from 1947 up to the present time.

Mr. CAMPAGNA. I am talking about 1943. I dissolved all partnerships.

Mr. ROBINSON. What partnerships?

Mr. CAMPAGNA. I was in gambling.

Mr. ROBINSON. Name the partnership.

Mr. CAMPAGNA. It is in there. It is all a matter of record.

Mr. ROBINSON. You must remember the name.

Mr. CAMPAGNA. Mr. Heeney and Corgole.

Mr. ROBINSON. Who else?

Mr. CAMPAGNA. That is all, sir.

Mr. ROBINSON. And that partnership was for what period of time?

Mr. CAMPAGNA. That was from around 1934, 1933 to 1934.

Mr. ROBINSON. You had no partnership agreement with anyone else during that period of time except those two?

Mr. CAMPAGNA. That is all.

Mr. ROBINSON. Did you have partnership agreements with them prior to that time?

Mr. CAMPAGNA. Prior to what?

Mr. ROBINSON. 1933 or 1934.

Mr. CAMPAGNA. I don't know just exactly the year, but I did not.

Mr. ROBINSON. Did you have any partnership agreement with anyone else prior to that time?

Mr. CAMPAGNA. Not to the best of my knowledge; no, sir.

Mr. ROBINSON. Tell me something about the nature of the partnership agreement. What was it in?

Mr. CAMPAGNA. Horse books.

Mr. ROBINSON. You mean, it wasn't solely gambling, it was an interest in some particular place?

Mr. CAMPAGNA. That is right, in a particular place in gambling.

Mr. ROBINSON. What were the names of the places?

Mr. CAMPAGNA. The El Patio, and I don't recall what the place on Twelfth Street was named. I think that will all be in the record. I know the El Patio.

Mr. ROBINSON. Then were there others besides that?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. That was the only place that you had an interest?

Mr. CAMPAGNA. No; and one on Twelfth Street, but I can't recall the name of that.

Mr. ROBINSON. How much money did you put into them?

Mr. CAMPAGNA. I think we started out with about \$1,500.

Mr. HALLEY. Maybe I can help. The Austin Club.

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. You put in about \$1,500?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. How much did Heeney put in?

Mr. CAMPAGNA. I don't know at that time what he put in.

Mr. ROBINSON. How much did Corgole put in?

Mr. CAMPAGNA. I think I put the money in myself. They had nothing. We just started a small place and built it up.

Mr. ROBINSON. How much did you subsequently invest in it?

Mr. CAMPAGNA. About \$1,500.

Mr. ROBINSON. That is what you put in first.

Mr. CAMPAGNA. Yes.

Mr. ROBINSON. You said it was built up. Who put the money in to build it up?

Mr. CAMPAGNA. That is the same place. It is a bar in front and a room in the back. Maybe you don't understand what I am trying to get. It was a bar in the front and a room in the back. We operated the room in the back.

Mr. ROBINSON. Did you own the bar in front?

Mr. CAMPAGNA. No.

Mr. ROBINSON. Who owned that?

Mr. CAMPAGNA. I think Corgole or somebody else had the bar.

Mr. ROBINSON. And you had the book.

Mr. CAMPAGNA. The three of us had the book in the back.

Mr. ROBINSON. You got no revenue from the bar?

Mr. CAMPAGNA. No; I did not.

Mr. ROBINSON. Who ran the book for you?

Mr. CAMPAGNA. Corgole.

Mr. ROBINSON. Where did you get your wire service there?

Mr. CAMPAGNA. That I can't tell you.

Mr. ROBINSON. You mean you don't know?

Mr. CAMPAGNA. No.

Mr. ROBINSON. How did the information get into the book?

Mr. CAMPAGNA. The reason I say that, I never knew much about the book. He was the man who ran everything. I could not even tell you the odds on the betting on the horses.

Mr. ROBINSON. This was from 1934 to 1943?

Mr. CAMPAGNA. I said about 1934.

Mr. ROBINSON. Approximately.

Mr. CAMPAGNA. Yes.

Mr. ROBINSON. How much did you take out of that business during that time?

Mr. CAMPAGNA. Gee, I don't know.

Mr. ROBINSON. Can you give a rough approximation?

Mr. CAMPAGNA. It is all in the records. It is more positive that way than I have.

Mr. ROBINSON. I don't think it is in the records.

Mr. CAMPAGNA. Oh, yes.

Mr. ROBINSON. These records go back to 1934.

Mr. CAMPAGNA. No; they don't.

Mr. ROBINSON. Then give me your best recollection of it.

The CHAIRMAN. What did you make out of it in an average year?

Mr. CAMPAGNA. Senator, it is pretty hard to judge. Some years you get a bad break and some years a fair break. It is hard to judge. If I give a figure, I would be misquoting myself.

The CHAIRMAN. What was the high year and the low year?

Mr. CAMPAGNA. The high years were from about 1939 to 1943. We started in 1934, 1933, whatever it was.

Mr. ROBINSON. Was it 40, 50, 60 thousand dollars?

Mr. CAMPAGNA. No; it was not that kind of money in those days.

Mr. ROBINSON. Did it subsequently develop into that kind of money?

Mr. CAMPAGNA. It did; yes.

Mr. ROBINSON. What would you say was quite a bit?

Mr. CAMPAGNA. I would judge around 80 or 90 thousand dollars.

Mr. ROBINSON. Would that be your peak?

Mr. CAMPAGNA. I think it would.

The CHAIRMAN. Would that be your part?

Mr. CAMPAGNA. No; that would be the whole.

Mr. ROBINSON. That was split how many ways? Three ways?

Mr. CAMPAGNA. Yes.

Mr. ROBINSON. Do you have any interest in the liquor business?

Mr. CAMPAGNA. No.

Mr. ROBINSON. Never at any time?

Mr. CAMPAGNA. No.

Mr. ROBINSON. Did you lay off bets?

Mr. CAMPAGNA. They may have. You see, you are asking me something about the booking business. Like I said a minute ago, I don't know much about it. This Corgole ran it and he may have laid off.

Mr. ROBINSON. Did you get any income from your own individual gambling activities?

Mr. CAMPAGNA. None whatever. Let me explain that again, please. You mean having another book myself?

Mr. ROBINSON. No; I mean betting yourself.

Mr. CAMPAGNA. I might have.

Mr. ROBINSON. Any income you received?

Mr. CAMPAGNA. I might have made a few dollars, and I might have taken a loss, too, going to the track and betting myself, back and forth.

Mr. ROBINSON. Do I understand correctly that Corgole was the one that made all the arrangements about the wire service?

Mr. CAMPAGNA. He handled the whole book and everything else.

Mr. ROBINSON. Is this for the two places?

Mr. CAMPAGNA. Yes; that is right.

Mr. ROBINSON. You speak of 80 or 90 thousand dollars, approximately, the top figure; was that from one place or both places?

Mr. CAMPAGNA. Both places.

Mr. ROBINSON. Which was the most profitable one?

Mr. CAMPAGNA. Well, that was a question. Sometimes the one on Twelfth Street would be profitable—

Mr. ROBINSON. Were they about equal?

Mr. CAMPAGNA. I would say they would be about equal at the end of a year.

Mr. ROBINSON. Do you know an address by the number of 3730 West Roosevelt Road?

Mr. CAMPAGNA. 3730—no; I do not.

Mr. ROBINSON. Are there quite a few book places along West Roosevelt Road?

Mr. CAMPAGNA. Gee, I could not say.

Mr. ROBINSON. Did you have any interest in any other business beside this bookmaking business?

Mr. CAMPAGNA. No, sir, I did not.

Mr. ROBINSON. During that period of time?

Mr. CAMPAGNA. No, sir; to the best of my knowledge, I would say "No."

Mr. ROBINSON. I don't know whether I asked you. Do you have a place at Fowler, Ind.?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. That is about 400 acres?

Mr. CAMPAGNA. No, it is more than that. Today it is 950 acres. It was 800 acres originally. I just bought 150.

Mr. ROBINSON. What did you pay for the 150?

Mr. CAMPAGNA. \$22,500.

Mr. ROBINSON. Where did the money come from to pay that?

Mr. CAMPAGNA. I had it.

Mr. ROBINSON. Was that income received from your farm?

Mr. CAMPAGNA. Some.

Mr. ROBINSON. Where did the rest of it come from?

Mr. CAMPAGNA. I had it home.

Mr. ROBINSON. What bank do you bank with?

Mr. CAMPAGNA. I haven't got no bank outside of Fowler, Ind. We bank all our checking for the farm in Lafayette, I think.

Mr. ROBINSON. Do you keep money around the house?

Mr. CAMPAGNA. I do.

Mr. ROBINSON. How much?

Mr. CAMPAGNA. I sometimes keep seven or eight thousand dollars.

Mr. ROBINSON. How much?

Mr. CAMPAGNA. Seven or eight thousand dollars.

Mr. ROBINSON. Is that the largest amount you kept around the house?

Mr. CAMPAGNA. Sometimes more.

Mr. ROBINSON. How much?

Mr. CAMPAGNA. I don't know exactly. Sometimes \$20,000. Sometimes when I was in partnership from the Fowler farm, I sell a herd of cattle, and you might have \$20,000.

Mr. ROBINSON. During the time you were operating the gambling place, how much money did you keep at the house?

Mr. CAMPAGNA. About three or four thousand dollars.

Mr. ROBINSON. Did you have a safe deposit box?

Mr. CAMPAGNA. I did not.

Mr. ROBINSON. Never at any time?

Mr. CAMPAGNA. Not that I can recall.

Mr. ROBINSON. Well, do you have any other personal assets?

Mr. CAMPAGNA. No, I have not.

Mr. ROBINSON. Do you have an interest in the Seneca Hotel?

Mr. CAMPAGNA. None whatever.

Mr. ROBINSON. Ever have one?

Mr. CAMPAGNA. I just don't recall whether I did.

The CHAIRMAN. You know whether you had an interest.

Mr. CAMPAGNA. Just a minute. I will answer it. If I am right, I will answer. I just don't want to make no mistakes, either. No, I haven't.

Mr. ROBINSON. Are these books that you had in Cicero?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. Didn't you have a monopoly of that in Cicero?

Mr. CAMPAGNA. No, I did not.

Mr. ROBINSON. Who else was running books there at the time?

Mr. CAMPAGNA. Well, I don't know.

Mr. ROBINSON. You must know some of them.

Mr. CAMPAGNA. No, I don't know any bookmakers.

Mr. ROBINSON. You know of no other person who was running a bookie place in Cicero at the time you were?

Mr. CAMPAGNA. I never paid any attention to running the book. I just walked in and out of the place we had and I didn't pay attention to it.

Mr. ROBINSON. Do you know Tony Accardo?

Mr. CAMPAGNA. Yes, I do.

Mr. ROBINSON. For how long?

Mr. CAMPAGNA. 15 or 18 years.

Mr. ROBINSON. Do you know him intimately?

Mr. CAMPAGNA. I would say yes.

Mr. ROBINSON. Do you know Mr. DeLucia?

Mr. CAMPAGNA. I do.

Mr. ROBINSON. You have known him intimately?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. For how long?

Mr. CAMPAGNA. I would say about the same.

Mr. ROBINSON. How about Gioe?

Mr. CAMPAGNA. I have known him for quite a while, too.

Mr. ROBINSON. Where did you come from originally?

Mr. CAMPAGNA. Originally?

Mr. ROBINSON. Yes.

Mr. CAMPAGNA. Well, I hit, I think, Chicago in 1913. I was all over the country. I left home.

Mr. ROBINSON. What were you doing at that time?

Mr. CAMPAGNA. Just bumming around.

Mr. ROBINSON. You had no source of income at that time?

Mr. CAMPAGNA. No; I was just working and getting a little money and bumming around.

Mr. ROBINSON. How would you get the money?

Mr. CAMPAGNA. Working.

Mr. ROBINSON. Did you get it any other way?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Were you convicted of robbery at one time?

Mr. CAMPAGNA. I was; in 1919.

Mr. ROBINSON. You served time for that?

Mr. CAMPAGNA. I did, sir.

Mr. ROBINSON. How old were you then?

Mr. CAMPAGNA. About 17, 18.

Mr. ROBINSON. How come you settled in Chicago?

Mr. CAMPAGNA. Well, I guess it was a good city to live in.

Mr. ROBINSON. What was that?

Mr. CAMPAGNA. I guess it was a good city to live in. I liked it.

Mr. ROBINSON. What made up your mind on that score?

Mr. CAMPAGNA. Well, the first thing I had to do my parole there. Then I got working there and I stayed there.

Mr. ROBINSON. Where were you working?

Mr. CAMPAGNA. A print shop. I think it is Van Buren and Market, or Van Buren and Wells.

Mr. ROBINSON. How long did you work there?

Mr. CAMPAGNA. I worked there, I would say, about a year.

Mr. ROBINSON. Then what did you do?

Mr. CAMPAGNA. Just took odd-and-end jobs.

Mr. ROBINSON. When did you start working for Al Capone?

Mr. CAMPAGNA. Well, let's see. I would say I was with him for a couple of years around 1927.

Mr. ROBINSON. When?

Mr. CAMPAGNA. 1927.

Mr. ROBINSON. He brought you to Chicago, didn't he?

Mr. CAMPAGNA. No, sir; he did not.

Mr. ROBINSON. Who brought you there?

Mr. CAMPAGNA. I brought myself there.

Mr. ROBINSON. How did you first meet him?

Mr. CAMPAGNA. I was hanging around the saloon where he was delivering.

Mr. ROBINSON. Where he was what?

Mr. CAMPAGNA. Delivering.

Mr. ROBINSON. What?

Mr. CAMPAGNA. Delivering beer, I guess.

Mr. ROBINSON. That was during prohibition?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. Tell us how you happened to meet him.

Mr. CAMPAGNA. That is the way I met him in the saloon. I asked him for a job and went to work for him.

Mr. ROBINSON. What kind of a job?

Mr. CAMPAGNA. Just "tailing" merchandise.

Mr. ROBINSON. Tailing merchandise?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. What does that mean?

Mr. CAMPAGNA. Like alcohol and beer.

Mr. ROBINSON. I don't understand. Tailing it?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. How do you tail it?

Mr. CAMPAGNA. Just watching it, seeing nobody robs it.

Mr. ROBINSON. Were you armed?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Never was?

Mr. CAMPAGNA. Well, yes, I have been armed.

Mr. ROBINSON. When did you first start putting on arms?

Mr. CAMPAGNA. When I got in that trouble in 1919.

Mr. ROBINSON. Did you start after you had formed this acquaintance with Capone and started working for him?

Mr. CAMPAGNA. No, I didn't. I stopped after I come out.

Mr. ROBINSON. You never had a gun on while you were working for Capone?

Mr. CAMPAGNA. I was arrested and accused of having a gun on me in 1927 or 1928, I am sure.

Mr. ROBINSON. Did you have a gun on?

Mr. CAMPAGNA. Yes.

Mr. ROBINSON. So you did have a gun on at one time while you were working for Capone?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. That is while you were tailing?

Mr. CAMPAGNA. No, I wasn't doing nothing. I got arrested in the morning downtown.

Mr. ROBINSON. Did you also drive for Capone, chauffeur?

Mr. CAMPAGNA. No, I drove several times out to the dog track with him, but I wouldn't say I was a chauffeur. I mean there were other people around that were chauffeurs, but sometimes he asked me to drive and I drove him out.

Mr. ROBINSON. You were one of his bodyguards, weren't you?

Mr. CAMPAGNA. I wouldn't say that.

Mr. ROBINSON. Well, were you or weren't you?

Mr. CAMPAGNA. No.

Mr. ROBINSON. Never was?

Mr. CAMPAGNA. No. I may be accused of a lot of things.

Mr. ROBINSON. How many times were you arrested?

Mr. CAMPAGNA. On numerous times. I just don't recall about how many.

Mr. ROBINSON. Do you know Greenberg?

Mr. CAMPAGNA. Yes; I know him.

Mr. ROBINSON. How long have you known him?

Mr. CAMPAGNA. Oh, I have known him, I would say, a few years.

Mr. ROBINSON. About the time you met Capone?

Mr. CAMPAGNA. No, it was away after that.

Mr. ROBINSON. What was your actual business with Capone?

Mr. CAMPAGNA. I just explained, just working for him.

Mr. ROBINSON. How much did you get for that?

Mr. CAMPAGNA. About \$50 a week.

Mr. ROBINSON. Did you get anything else from any other source at that time?

Mr. CAMPAGNA. No; I did not.

Mr. ROBINSON. What have been your union activities?

Mr. CAMPAGNA. None.

Mr. ROBINSON. No connection with any union?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Never at any time?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Were you involved in any union litigation?

Mr. CAMPAGNA. Well, yes; in this extortion of 1943, I was.

Mr. ROBINSON. Prior to that?

Mr. CAMPAGNA. Prior to that, I was not. It goes back. It is a conspiracy, they say, to 1934-35.

Mr. ROBINSON. Do you know Frank Nitti?

Mr. CAMPAGNA. Yes.

Mr. ROBINSON. When did you meet him?

Mr. CAMPAGNA. I met Frank around 1928 or 1929, something like that.

Mr. ROBINSON. And you stated you know Paul Ricca?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. What was Paul Ricca's connection with Al Capone?

Mr. CAMPAGNA. That I never did know.

Mr. ROBINSON. You never did know that?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. Well, you knew it was a close association?

Mr. CAMPAGNA. No; I wouldn't say that. To me the man was close with a lot of people. I couldn't say which one was close and which wasn't.

Mr. ROBINSON. Name some he was close to.

Mr. CAMPAGNA. I don't know them.

Mr. ROBINSON. Well, he was close to Ricca?

Mr. CAMPAGNA. Not that I know of.

Mr. ROBINSON. How about Murray Humphreys?

Mr. CAMPAGNA. I don't know him.

Mr. ROBINSON. You don't know him?

Mr. CAMPAGNA. I say I don't know. You say was he close to Al. I don't know.

Mr. ROBINSON. How long have you known him?

Mr. CAMPAGNA. I have known Humphreys for a few years.

Mr. ROBINSON. How long?

Mr. CAMPAGNA. Eight or seven years.

Mr. ROBINSON. Were you ever associated in business with him?

Mr. CAMPAGNA. None whatever.

Mr. ROBINSON. What business was he in?

Mr. CAMPAGNA. I don't know.

Mr. ROBINSON. Have you ever had any knowledge of what business he was in?

Mr. CAMPAGNA. No, sir; I do not.

Mr. ROBINSON. Or what his source of income was?

Mr. CAMPAGNA. No; I did not.

Mr. ROBINSON. How about Jack Guzik?

Mr. CAMPAGNA. I know him.

Mr. ROBINSON. How long?

Mr. CAMPAGNA. Ten or 12 years.

Mr. ROBINSON. What business is he in?

Mr. CAMPAGNA. I don't know.

Mr. ROBINSON. Were you ever associated with him?

Mr. CAMPAGNA. Before? If you call associated meeting him in the cafe for dinner—

Mr. ROBINSON. Let me put it this way. Were you ever associated with him in any business activity in connection with gambling?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Never at any time?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Fred Evans?

Mr. CAMPAGNA. Fred Evans, I have known him for quite a few years.

Mr. ROBINSON. What business was he in?

Mr. CAMPAGNA. That I don't know.

Mr. ROBINSON. Were you ever associated in business with him?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Louis Romano?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. You knew him?

Mr. CAMPAGNA. Yes; I do.

Mr. ROBINSON. You don't know what business?

Mr. CAMPAGNA. No.

Mr. ROBINSON. Danny Stanton?

Mr. CAMPAGNA. No.

Mr. ROBINSON. Joe Fusco?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. You know Pete Fosco?

Mr. CAMPAGNA. I know him.

Mr. ROBINSON. Who is he?

Mr. CAMPAGNA. Committeeman, first ward.

Mr. ROBINSON. How about Joe Fusco?

Mr. CAMPAGNA. I know him.

Mr. ROBINSON. That is the committeeman?

Mr. CAMPAGNA. No.

Mr. ROBINSON. Who is Joe Fusco?

Mr. CAMPAGNA. I think he is in the liquor business if I am not mistaken. I am not positive of that, what he is, but that is what I think it is.

Mr. ROBINSON. You were never in business with him?

Mr. CAMPAGNA. No; I was not.

Mr. ROBINSON. How about Johnny Patton?

Mr. CAMPAGNA. No; I was not.

Mr. ROBINSON. Do you know him?

Mr. CAMPAGNA. Know of him.

Mr. ROBINSON. Never met him?

Mr. CAMPAGNA. I don't know whether I did or not.

Mr. ROBINSON. Phil D'Andrea?

Mr. CAMPAGNA. Yes, I know him.

Mr. ROBINSON. How long have you know him?

Mr. CAMPAGNA. I have known him for a few years previous to this trouble.

Mr. ROBINSON. What business was he in?

Mr. CAMPAGNA. I don't know.

Mr. ROBINSON. Ralph Pearce?

Mr. CAMPAGNA. I know him.

Mr. ROBINSON. How long have you known him?

Mr. CAMPAGNA. A few years before this trouble.

Mr. ROBINSON. Have you ever been associated in business with him?

Mr. CAMPAGNA. No, sir; I was not.

Mr. ROBINSON. Did you ever work for the Fischettis?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Do you know them?

Mr. CAMPAGNA. Know of them.

Mr. ROBINSON. Know of them?

Mr. CAMPAGNA. Yes.

Mr. ROBINSON. Ever met them?

Mr. CAMPAGNA. I know Charles.

Mr. ROBINSON. What was your connection with Charles?

Mr. CAMPAGNA. Dinner, no connection at all.

Mr. ROBINSON. When did you first meet him?

Mr. CAMPAGNA. That I don't know. I think it was at the Chez Paree at one time having dinner.

Mr. ROBINSON. Was it at the time you were working for Capone?

Mr. CAMPAGNA. No; I don't think so. I think it was after that.

Mr. ROBINSON. Did your first meeting of any of these people occur while you were working for Capone?

Mr. CAMPAGNA. Some may have.

Mr. ROBINSON. In fact, it was most of them; wasn't it?

Mr. CAMPAGNA. No; I wouldn't say most of them.

Mr. ROBINSON. Did you ever go under the name of Carmini?

Mr. CAMPAGNA. Yes; I did.

Mr. ROBINSON. When?

Mr. CAMPAGNA. I judge around 1930. I used it once or twice.

Mr. ROBINSON. What other names have you gone under?

Mr. CAMPAGNA. I just can't recall offhand. Many times I would stop in the hotel and give a fictitious name.

The CHAIRMAN. What did you go under the name of Carmini for?

Mr. CAMPAGNA. I don't know.

Mr. ROBINSON. What would you change your name for?

Mr. CAMPAGNA. I would do it many times when I stopped at the hotel and just give my name.

Mr. ROBINSON. Some particular reason for it?

Mr. CAMPAGNA. No; there was no reason for it.

Mr. ROBINSON. Where did you acquire the name "Little New York"?

Mr. CAMPAGNA. That was pinned on me by the newspapers.

Mr. ROBINSON. Because you originally came from New York?

Mr. CAMPAGNA. From Brooklyn; that is right.

Mr. ROBINSON. Do you know Jack McGurn?

Mr. CAMPAGNA. I did know him; yes.

Mr. ROBINSON. What did he do?

Mr. CAMPAGNA. That I don't know.

Mr. ROBINSON. You have no knowledge of what Jack McGurn did?

Mr. CAMPAGNA. No.

Mr. ROBINSON. Did he work for Capone?

Mr. CAMPAGNA. I don't know.

Mr. ROBINSON. How about Frankie and Mike Kelly?

Mr. CAMPAGNA. I know of them.

Mr. ROBINSON. When did you first learn about them or meet them?

Mr. CAMPAGNA. I don't know. Casually being in the booking game at that time, you met a lot of people. I guess every one of them played horses or liked to play horses.

Mr. ROBINSON. Did you meet them while working with Capone?

Mr. CAMPAGNA. I didn't work with Capone very long, so I don't know.

Mr. ROBINSON. How long did you work for Capone?

Mr. CAMPAGNA. A couple of years at tops. I don't think it was even a couple of years.

Mr. ROBINSON. Always at the same pay?

Mr. CAMPAGNA. That is all I ever got from him.

Mr. ROBINSON. \$50 a week?

Mr. CAMPAGNA. That is right, and that is why I left.

Mr. ROBINSON. Ernie Rossick?

Mr. CAMPAGNA. I never knew him.

Mr. ROBINSON. James and Rocco Belcastro?

Mr. CAMPAGNA. No.

Mr. ROBINSON. Rocco Finelli?

Mr. CAMPAGNA. No.

Mr. ROBINSON. Frank Diamond?

Mr. CAMPAGNA. Yes; I know him.

Mr. ROBINSON. What did he do?

Mr. CAMPAGNA. I don't know.

The CHAIRMAN. Mr. Campagna, how is it that you know these people, and you know some of them pretty well, and you do not know what they do?

Mr. CAMPAGNA. Well, usually you don't ask people their business, how they make their money, or religion, or politics. If they volunteered, the only thing I could say is what they told me. If you meet a man in the cafe or book, you are not sociable with him.

The CHAIRMAN. If you know them, you know what they do.

Mr. CAMPAGNA. A fellow could surmise that they are bookmaking, but it would be foolish for me to say what I surmised.

Mr. ROBINSON. Let us have your surmise of what Jack McGurn did.

Mr. CAMPAGNA. I don't know.

Mr. ROBINSON. What was his nickname?

Mr. CAMPAGNA. I never did know his nickname.

Mr. ROBINSON. Do you know whether he had a nickname?

Mr. CAMPAGNA. That I never asked. I don't know.

Mr. ROBINSON. You know it was "Machine Gun" Jack McGurn.

Mr. CAMPAGNA. If you say so. That is what the papers say. I will have to say "Yes," because I read that, but I don't know.

Mr. ROBINSON. Do you know Claude Maddox?

Mr. CAMPAGNA. Yes.

Mr. ROBINSON. How long?

Mr. CAMPAGNA. A few years.

Mr. ROBINSON. What business is he in?

Mr. CAMPAGNA. What I know, I think he was interested in some kind of saloon out there in Cicero. I don't know. That is just hearsay.

Mr. ROBINSON. Sam Hunt.

Mr. CAMPAGNA. I know of him.

Mr. ROBINSON. You say you know of him?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. You never met him?

Mr. CAMPAGNA. Not to my knowledge.

Mr. ROBINSON. Do you know James Ragen?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Patrick Burns?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Do you know any people connected with the wire service business?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Hymie Levin?

Mr. CAMPAGNA. I know Hymie; yes.

Mr. ROBINSON. How long have you known him?

Mr. CAMPAGNA. I know Hymie for quite a few years. I met him at Mayo Bros.

Mr. ROBINSON. What business is he in?

Mr. CAMPAGNA. Bookmaking, I surmise. I cannot positively say. You are asking me to surmise. I am just giving you that.

Mr. ROBINSON. Roy Jones?

Mr. CAMPAGNA. No.

Mr. ROBINSON. You don't know him?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Do you know any of the Kellys of the wire service business?

Mr. CAMPAGNA. No, sir; I do not.

The CHAIRMAN. How about this fellow Curry?

Mr. CAMPAGNA. I know of him.

The CHAIRMAN. You know him personally?

Mr. CAMPAGNA. Yes; I met him.

The CHAIRMAN. He was in the wire service business, was he not?

Mr. CAMPAGNA. Not that I know of. I read about this wire stuff while I was in the penitentiary. I never heard about it before.

Mr. ROBINSON. Who visited you in the penitentiary?

Mr. CAMPAGNA. My wife, my children, my lawyer, Mr. Bernstein.

Mr. ROBINSON. How did you happen to retain him?

Mr. CAMPAGNA. Who?

Mr. ROBINSON. Bernstein.

Mr. CAMPAGNA. My wife retained him.

Mr. ROBINSON. To handle what?

Mr. CAMPAGNA. Our income tax.

Mr. ROBINSON. Had he worked on your taxes before you went to prison?

Mr. CAMPAGNA. No. After I went to prison is when all this came up. They put a lien on the farm and my wife's property and all, and she retained a lawyer.

Mr. ROBINSON. How much did you owe on your income tax?

Mr. CAMPAGNA. Personally I would say nothing.

Mr. ROBINSON. Let us put it this way. How much did the Government allege that you owed?

Mr. CAMPAGNA. I think the figures were—newspaper figures I have to go by—the rest of the sheets are in there, the whole case in is there.

Mr. ROBINSON. Didn't your lawyer tell you how much you owed?

Mr. CAMPAGNA. According to the figures it was \$480,000. That is with interest and penalty or whatever it is. I don't know.

Mr. ROBINSON. Didn't Bernstein tell you how much you owed?

Mr. CAMPAGNA. How do you mean?

Mr. ROBINSON. You say you learned it from the newspapers.

Mr. CAMPAGNA. That is the first I ever got it, from the newspapers.

Mr. ROBINSON. How was it paid?

Mr. CAMPAGNA. What do you mean, how was it paid?

Mr. ROBINSON. There was a compromise settlement on your tax return.

Mr. CAMPAGNA. I don't know whether it was a compromise. It was a court decision.

Mr. ROBINSON. Anyway, you paid some money to the Government.

Mr. CAMPAGNA. I don't know.

Mr. ROBINSON. Did you pay it?

Mr. CAMPAGNA. I don't know.

Mr. ROBINSON. Did you have the money to pay it?

Mr. CAMPAGNA. I did not.

Mr. ROBINSON. How much was it?

Mr. CAMPAGNA. I think it was \$80,000 or \$89,000 plus the interest, whatever that was.

Mr. ROBINSON. That you yourself owed?

Mr. CAMPAGNA. Yes, sir; myself.

Mr. ROBINSON. That is apart from what DeLucia owed.

Mr. CAMPAGNA. I had nothing to do with DeLucia. His case was separate from mine.

Mr. ROBINSON. How was the money paid?

Mr. CAMPAGNA. That I don't know.

Mr. ROBINSON. You don't know how it was paid?

Mr. CAMPAGNA. No, I do not.

Mr. ROBINSON. I am not asking you if you know who paid it.

Mr. CAMPAGNA. I don't know.

Mr. ROBINSON. Did Bernstein ever tell you how it was paid?

Mr. CAMPAGNA. Well, what I heard at the congressional meeting, I heard how he said it was paid.

Mr. ROBINSON. Was that the first time you ever heard how it was paid?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. What year was that?

Mr. CAMPAGNA. I think it was 1946. I was in the penitentiary at that time.

Mr. ROBINSON. Didn't Bernstein tell you how it was paid?

Mr. CAMPAGNA. I never asked him. He just said it was paid.

Mr. ROBINSON. He told you while you were in prison?

Mr. CAMPAGNA. That is right.

Mr. HALLEY. You are not going to expect us to believe that?

Mr. CAMPAGNA. It sounds fantastic, but it is true.

Mr. HALLEY. It sounds like a lie.

Mr. CAMPAGNA. You can put it that way, sir. I am trying to explain the way he explained.

Mr. HALLEY. Don't expect the committee to accept the statement that the lawyer told you that the money was paid and you didn't ask how it was paid.

Mr. CAMPAGNA. I just explained to you that the first time that I knew it was at the congressional hearing. People brought the money and he paid it.

Mr. HALLEY. You said you didn't even ask him when he told you in person how it was paid for you.

Mr. CAMPAGNA. Let me get that straight.

Mr. HALLEY. You said your lawyer came to see you in person.

Mr. CAMPAGNA. That is right.

Mr. HALLEY. And you said you didn't ask him how he got the money and where he got it or who gave it to him.

Mr. CAMPAGNA. At that time I did not.

Mr. HALLEY. I don't believe it.

The CHAIRMAN. Why didn't you ask him?

Mr. CAMPAGNA. I didn't ask. He did not talk about money at all. He said, "Your tax was settled." The only time I heard about it was in 1947 when we went before Congress.

The CHAIRMAN. Would it not be a natural question since \$120,000 was paid on your behalf, that you would ask?

Mr. CAMPAGNA. He didn't tell me even the figures.

The CHAIRMAN. You knew it was a very large amount.

Mr. CAMPAGNA. I didn't know, because I was getting accused of a lot of things in that settlement that I didn't think it would ever be that much.

The CHAIRMAN. You knew it was a large amount that they claimed you owed, and you did not inquire who paid it and how?

Mr. CAMPAGNA. When I got home I inquired. He said he didn't know. That is how I found out at the Congress.

The CHAIRMAN. Did he not come to the prison and tell you? Did you not ask him?

Mr. CAMPAGNA. He just said it was paid and that is all.

Mr. ROBINSON. Did he tell you how much?

Mr. CAMPAGNA. \$80,000 or \$89,000 and interest.

Mr. ROBINSON. At the time you were in prison?

Mr. CAMPAGNA. No, he didn't. At the congressional——

The CHAIRMAN. What is your best idea about who paid that money?

Mr. CAMPAGNA. That I don't know.

The CHAIRMAN. You must have some theory about it. Either it would have to be your family or friends or somebody that was under obligation to you or that you had done something for. Your family did not pay it, did they?

Mr. CAMPAGNA. No.

The CHAIRMAN. What is your theory about it?

Mr. CAMPAGNA. It must have been some friends who paid it, but I have never found out. It couldn't have been strangers.

The CHAIRMAN. Strangers would never have come in and put up \$120,000.

Mr. CAMPAGNA. That is right.

The CHAIRMAN. You must have some idea who paid it. Who do you think paid it?

Mr. CAMPAGNA. That I don't know.

The CHAIRMAN. You may not know, but what is your best judgment?

Mr. CAMPAGNA. I hesitate to mention names, because I wouldn't have an idea who paid. I thought it would come out before this.

The CHAIRMAN. Do you think Mr. Bulger paid it?

Mr. CAMPAGNA. I couldn't say.

The CHAIRMAN. He was head of some organization that you belonged to, wasn't he?

Mr. CAMPAGNA. That I belong?

The CHAIRMAN. Yes.

Mr. CAMPAGNA. I don't belong to no organization.

The CHAIRMAN. I mean at that time.

Mr. CAMPAGNA. No; I don't belong to no organization at that time or any other time.

The CHAIRMAN. You say you tried to find out who paid it?

Mr. CAMPAGNA. No; I said I never did, because I can't.

The CHAIRMAN. Why?

Mr. CAMPAGNA. Because the people I associated with know I am on parole and I have been staying away from anybody. If anybody came down to Bernstein and gave the money, just like I tell the parole division, I show them what they wanted.

The CHAIRMAN. You made no effort to find out.

Mr. CAMPAGNA. I have not associated with anybody.

The CHAIRMAN. Have you made any effort to find out who paid the money?

Mr. CAMPAGNA. No; I have not.

Mr. ROBINSON. Do you mean Bernstein came to you in prison and just said the money is paid?

Mr. CAMPAGNA. When he came down there, I asked him how is the tax getting along. The last time he came down he was not very long, just in and out, and if my memory serves me right, he came to find out about certain years. I said, "I don't know; you will have to see the auditor." He got together with the auditor and when he came back he visited me three or four times, the last time was the latter part of 1946, which the record will show, and he said to me that it was all straightened out or on the verge of it. The next I heard about the tax was—

Mr. ROBINSON. Let us stop there. He said to you in prison it is all straightened out.

Mr. CAMPAGNA. The tax situation is straightened out.

Mr. ROBINSON. Did you ask him how?

Mr. CAMPAGNA. I supposed through court. I don't know the process.

Mr. ROBINSON. You knew there was money owed.

Mr. CAMPAGNA. Yes, that is right.

Mr. ROBINSON. Did you ask him, "Well, did my wife give you the money?"

Mr. CAMPAGNA. No, I didn't ask him anything. To the best of my knowledge, I didn't. I just took it for granted it was taken care of.

Mr. ROBINSON. By being taken care of, it was paid?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. And you didn't ask where he got the money to pay it?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. From your wife or somebody else?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. You didn't ask him about that?

Mr. CAMPAGNA. That is right.

The CHAIRMAN. Did you have a big amount of money put away at that time?

Mr. CAMPAGNA. I wouldn't say a big amount. I had some money.

The CHAIRMAN. How much?

Mr. CAMPAGNA. I judge around \$30,000.

The CHAIRMAN. Did you ask him whether he used that money?

Mr. CAMPAGNA. He wouldn't know where to get it and nobody else would.

Mr. ROBINSON. Where did you have it?

Mr. CAMPAGNA. I had it hidden.

Mr. ROBINSON. I asked you if you had any money around the house and you said the most you had was seven or eight thousand dollars.

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. That was in your house.

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. Apparently you had some at some place outside of the house that was not in a bank or safe deposit.

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. Where was that?

Mr. CAMPAGNA. It was in some fellow's house.

Mr. ROBINSON. Who was the fellow?

(No response.)

The CHAIRMAN. That is a proper question.

Mr. CAMPAGNA. Well, I will be frank, I had it at home. I didn't want my wife or nobody to know about it. I was going to go away for quite a while and I didn't know—

Mr. ROBINSON. You had it hidden in your own home?

Mr. CAMPAGNA. That is right.

Mr. HALLEY. Now, you are either lying now or you were before. You said it was in another fellow's house. You said it was not in your house. You are trying not to tell the committee where you had it. As counsel for the committee, I would advise the committee not to accept the answer.

The CHAIRMAN. You said it was in somebody's house.

Mr. HALLEY. You were definite about it.

Mr. CAMPAGNA. I would like to retract the statement.

Mr. HALLEY. Your retraction has no effect at all, because the way you testified, it is quite clear it was not in your own house, that it was

in somebody else's house, and after the chairman told you you had to answer the question, and say in whose house it was, you changed your testimony. You are lying either now or then. Which way do you want to have it. Either way you are committing perjury. Which way do you want it?

Mr. CAMPAGNA. I had it at home.

Mr. HALLEY. You mean you were lying when you told the committee it was in somebody else's house?

Mr. CAMPAGNA. I wasn't lying. I just said somebody else's house.

Mr. HALLEY. That was a lie, wasn't it? It was untrue, was it not?

Mr. CAMPAGNA. I wouldn't say it was untrue.

Mr. HALLEY. I would say it was untrue. You said it. You used those words, did you not?

Mr. CAMPAGNA. I did.

Mr. HALLEY. And you knew what you were saying?

Mr. CAMPAGNA. No I didn't know what I was saying.

Mr. HALLEY. You didn't know what you were saying when you said it was in somebody else's house?

Mr. CAMPAGNA. No.

Mr. HALLEY. You are lying again. This is the third lie when you say that you didn't know what you were saying.

Mr. CAMPAGNA. I just told you that I had it home. I didn't want anybody to know where I had it.

Mr. HALLEY. You told Mr. Robinson quite definitely that you didn't have it home. Then you had it in somebody's house. Then he asked whose house, and you hesitated to answer, and the chairman said you had to answer. Then you changed your testimony and you said you had it in your own house. Now, one or the other statement was untrue, is that not so?

Mr. CAMPAGNA. I suppose.

Mr. HALLEY. Well, isn't it?

The CHAIRMAN. Where did you have the money?

Mr. CAMPAGNA. I had it home.

Mr. ROBINSON. I asked you a short while ago how much money you had in your house and you told me, I believe, seven or eight thousand dollars.

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. Now you are telling me that you had \$30,000 in your house.

Mr. CAMPAGNA. I said around \$30,000, I am not sure.

Mr. ROBINSON. So when I asked you how much you had in the house previously, you didn't tell me the total amount that you had in the house.

Mr. CAMPAGNA. Well, that is what I meant.

Mr. ROBINSON. In other words, you didn't intend to say anything about the \$30,000 that you had hidden somewhere.

Mr. CAMPAGNA. No; I would say something. The question would come up about the income, and I would tell you about it, and I would tell the truth about it.

Mr. HALLEY. You realize you perjured yourself with one answer or the other.

Mr. CAMPAGNA. I am telling you the truth. You are asking questions and I am giving you the best of my knowledge.

Mr. HALLEY. I think you are doing the opposite.

Mr. CAMPAGNA. I don't think so. You misunderstand me in a lot of things.

The CHAIRMAN. I think it might be very well for the committee to go back over this record and review the questions and answers, and see if this witness has perjured himself. After all, he is on parole. I think we might have a short recess for that purpose.

Mr. HALLEY. I agree.

The CHAIRMAN. Will you wait outside, Mr. Campagna, while we go over this matter?

Mr. CAMPAGNA. Yes, sir.

(A short recess was taken.)

The CHAIRMAN. Mr. Campagna, the committee is not satisfied with the answers you have given to this question about where the money was. You have given two different answers. So that unless you have some further statement you want to make about anything, we will have no further questions to ask you at this time.

Mr. CAMPAGNA. That is the only thing. I told you the truth. I had it at home. I just didn't want to divulge I had it at home. Not that I made any wrong statements here or anything else. A lot of things you asked me naturally a person cannot remember 15 or 18 years ago, 7 or 8 or 10 years ago. I am trying to do the best I can. I am not here to lie to you or hurt anybody.

The CHAIRMAN. Do you have any other statement you want to make?

Mr. CAMPAGNA. Well, that is all I can say. I have answered truthfully everything I have known. I have tried my best to the best of my knowledge.

The CHAIRMAN. We will take this matter under advisement for future action, but I see no reason for going on. You will remain under subpoena, Mr. Campagna.

Mr. CAMPAGNA. Do I have to stay here in town?

The CHAIRMAN. You do not have to stay in town, but when you are notified to come back or subject to any further action of the Senate, you will appear.

Mr. CAMPAGNA. That is right.

The CHAIRMAN. That is all.

Mr. CAMPAGNA. I hope I done the best I could for you.

The CHAIRMAN. Mr. Gioe, will you hold up your right hand?

Do you solemnly swear that the testimony you give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GIOE. I do.

The CHAIRMAN. All right, Mr. Robinson.

TESTIMONY OF CHARLES GIOE, CHICAGO, ILL.

Mr. ROBINSON. Will you state your full name?

Mr. GIOE. Charles Gioe.

Mr. ROBINSON. Is that spelled G-i-o-e?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. What is your residence?

Mr. GIOE. 200 East Chestnut Street.

Mr. ROBINSON. Chicago?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. What is that place?

Mr. GIOE. Seneca Hotel.

Mr. ROBINSON. Mr. Gioe, you were served with a subpoena to produce certain books and records. This is a copy of it?

Mr. GIOE. I have one in my pocket.

The CHAIRMAN. Let that be marked "Exhibit No. 12."

(Exhibit No. 12 appears in the appendix on p. 1380.)

Mr. ROBINSON. Do you have the books and records to produce in compliance with that subpoena?

Mr. GIOE. I have income-tax returns from 1941 and 1942. I asked the auditor and he didn't know if he could find 1943. He just gave me copies because his records are under subpoena.

Mr. ROBINSON. Who is that?

Mr. GIOE. Bernard Shaeffer. I have my record here of 1948 and 1949.

Mr. ROBINSON. Will you produce those, please?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. Mr. Gioe, let us take these hurriedly. Here is a group of records tied together with elastic bands. Can you identify these?

Mr. GIOE. They are checks.

Mr. ROBINSON. Those are canceled checks?

Mr. GIOE. Yes, sir.

The CHAIRMAN. And bank statements.

Mr. GIOE. They are in there. I told the auditor to get everything he possibly could.

The CHAIRMAN. Let those be marked "Exhibit No. 13."

Mr. ROBINSON. Let us make the book marked "Work sheets, balance sheets, bank reconciliations," exhibit No. 14.

The CHAIRMAN. That will be made a part of the record as such.

Mr. ROBINSON. A black ledger book, exhibit No. 15.

The CHAIRMAN. That will be a part of the record.

Mr. ROBINSON. An envelope containing balance sheets, exhibit No. 16.

The CHAIRMAN. It will be made a part of the record.

Mr. GIOE. This is a penciled copy of my 1941 tax return.

Mr. ROBINSON. Do you have a copy?

Mr. GIOE. It is under subpoena by this auditor.

Mr. ROBINSON. He gave you a copy?

Mr. GIOE. He gave me a penciled copy.

Mr. ROBINSON. The penciled copy of income tax, 1941, and 1942, exhibit No. 17.

The CHAIRMAN. Let it be filed and made a part of the record.

Mr. ROBINSON. What else do you have?

Mr. GIOE. This is for 1949, I believe.

Mr. ROBINSON. Tax return for 1948, exhibit No. 18, and a tax return for 1949, a copy thereof, exhibit No. 19.

The CHAIRMAN. It will be made a part of the record.

(Exhibits No. 13, 14, 15, 16, 17, 18, and 19 were returned to witness after analysis by the committee.)

Mr. ROBINSON. Are these all the records that you have?

Mr. GIOE. Those are the only ones I could get at this time.

Mr. ROBINSON. Does your auditor have all the other records?

Mr. GIOE. He claims he doesn't have 1943 or 1940, and I couldn't remember at the time just who filed the 1940 record.

Mr. ROBINSON. Do you have any other records that are called for by the subpoena in any other place other than your own possession or in Mr. Shaeffer's possession?

Mr. GIOE. None, sir; I don't believe.

Mr. ROBINSON. You have made a search for those?

Mr. GIOE. Well, I didn't have much time. I was notified that morning to get the records and come on down here, so I just went to my bookkeeper in my office and had him get the stuff. I tried to get 1941, 1942, but all I could get is 1942 from him.

Mr. ROBINSON. Mr. Chairman, might I suggest that the witness be instructed to make such a search to see whether or not he has any other records in any other place, and that they be delivered?

The CHAIRMAN. Mr. Gioe, you make a search and see if you can find the records. Mr. Robinson will be in touch with you, and follow his instructions by delivering the records to him.

Mr. GIOE. Yes, sir.

Mr. ROBINSON. You are at the present time a parolee or you are released from the penitentiary?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. In connection with the movie extortion case?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. How old are you, Mr. Gioe?

Mr. GIOE. Forty-six.

Mr. ROBINSON. Have you always been a resident of Chicago?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. What properties do you own?

Mr. GIOE. Myself, I don't own any property.

Mr. ROBINSON. You have no interest in any real estate?

Mr. GIOE. No, sir.

Mr. ROBINSON. Do you have any stocks or bonds?

Mr. GIOE. No, sir.

Mr. ROBINSON. Have you had since 1940?

Mr. GIOE. I had an interest in a restaurant known as the Beachcombers, in Chicago. That was the last interest.

Mr. ROBINSON. When did you have that interest?

Mr. GIOE. I believe I sold it in 1942 or 1943.

Mr. ROBINSON. Do you have any books or records which show that interest?

Mr. GIOE. No, sir.

Mr. ROBINSON. How did you acquire it?

Mr. GIOE. I went into the business with these people at the beginning, at the inception of the business. I made the suggestion to operate that type of restaurant in Chicago.

Mr. ROBINSON. Was it solely a restaurant?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. Did you have a gambling establishment in it?

Mr. GIOE. No, sir.

Mr. ROBINSON. Do you have any records to show that interest in the restaurant?

Mr. GIOE. Yes; I will have to get these people that have the restaurant and get the back records up to the time that I was with them.

Mr. ROBINSON. Did you put money into it?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. How much did you invest in it?

Mr. GIOE. I believe it was 1939. I don't know whether it was \$7,500 or thereabouts.

Mr. ROBINSON. Did you have any agreement?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. With the other parties?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. Written agreement?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. You don't have a copy of that?

Mr. GIOE. No, sir.

Mr. ROBINSON. Did you ever have a copy?

Mr. GIOE. I owned 17 percent of the stock.

Mr. ROBINSON. Do you have the shares of stock?

Mr. GIOE. I had the shares of stock.

Mr. ROBINSON. You disposed of it?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. Did you have any other interest in any business other than this one that you have just mentioned?

Mr. GIOE. Since what year?

Mr. ROBINSON. Let us go back to the years prior to the time you went to prison.

Mr. GIOE. Well, I had a very small interest in the Seneca Hotel.

Mr. ROBINSON. When did you acquire that interest?

Mr. GIOE. I don't know if it was 1937 or 1938.

Mr. ROBINSON. What was the amount of the interest?

Mr. GIOE. Well, I made \$2,500 profit on the deal. I never knew just what extent my interest would be in there. I had some stockholdings with Mr. Greenberg, of which I never knew the amount. A year later or 2 years later, we sold out. I got \$2,500 for my interest in it.

Mr. ROBINSON. How much did you put into it.

Mr. GIOE. I think I bought \$12,000 worth of stock.

Mr. ROBINSON. \$12,000 worth of stock?

Mr. GIOE. I believe so.

Mr. ROBINSON. Who asked you to buy the stock?

Mr. GIOE. Mr. Greenberg.

Mr. ROBINSON. How long have you known him?

Mr. GIOE. I would say 15 or 16 years.

Mr. ROBINSON. And you made a \$2,500 profit?

Mr. GIOE. That is right.

Mr. ROBINSON. And you sold the stock when?

Mr. GIOE. I believe it was 1939.

Mr. ROBINSON. 1939?

Mr. GIOE. I am not too sure about the years. One of my tax returns here may show it. I made \$2,500 on the investment.

Mr. ROBINSON. Is that the only investment you ever made?

Mr. GIOE. With Mr. Greenberg?

Mr. ROBINSON. No. Anywhere else outside of the one you mentioned about the restaurant.

Mr. GIOE. If I made any others, it was very small.

Mr. ROBINSON. All right.

The CHAIRMAN. What about the construction company. Are you not a partner in that?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. Is that since you have been on parole?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. When did you first go into that?

Mr. GIOE. April of 1949.

Mr. ROBINSON. Who owns that company?

Mr. GIOE. We are partners, Pantaleo and myself.

Mr. ROBINSON. Spell it.

Mr. GIOE. P-a-n-t-a-l-e-o.

Mr. ROBINSON. Who is he?

Mr. GIOE. He just came out of the Marines, and he was a combat engineer, and he didn't have any money, and he spoke to me about going into business. I knew the construction business, so I went with him.

Mr. ROBINSON. How much did you put up?

Mr. GIOE. \$5,000.

Mr. ROBINSON. Where did you get that?

Mr. GIOE. I had some money.

Mr. ROBINSON. Was that out of your savings?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. And you are a partner with him in that business?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. What is the value of that business?

Mr. GIOE. I think——

Mr. ROBINSON. Is it a corporation?

Mr. GIOE. No; it is a partnership. I imagine I have about, it is worth to me about eleven or twelve thousand dollars.

Mr. ROBINSON. Steel construction business?

Mr. GIOE. No; construction. We just construct anything that you want.

Mr. ROBINSON. How many people do you employ?

Mr. GIOE. I would say we have about 10,000.

Mr. ROBINSON. Had you previous experience in that business?

Mr. GIOE. No, sir.

Mr. ROBINSON. How did you get into it?

Mr. GIOE. I met this Pantaleo and as I told you, I have known him since he was a youth. He just came out of the Marines and he was in the combat engineers, and he had started this business himself. He didn't have enough money. He thought with a little more money he could develop and take on more work. So at the time I just been released the second time from the penitentiary, and I thought that the opportunity was all right, and I went in with this lad.

Mr. ROBINSON. This was in 1949?

Mr. GIOE. 1949.

Mr. ROBINSON. What have you built since you have been in business?

Mr. GIOE. Well, we finished one outdoor theater in Elgin, Ill., and are building one now in Blue Island, Ill. We worked for the parks, board of trade, the Cradle Society in Evanston. We remodeled a building for them. And a number of jobs like that.

Mr. ROBINSON. Since 1949, how much profit have you made?

Mr. GIOE. Well, the first year I think we made about \$5,600. Right now we are about fourteen or fifteen thousand ahead. This year so far——

Mr. ROBINSON. Have you had a distribution of profit?

Mr. GIOE. No, because the more you expand the business, the more money you need, and I have kept the money in there.

Mr. ROBINSON. What do you get out of the business, a salary?

Mr. GIOE. I don't take any salary. I have a drawing account. If I want money, I draw it.

Mr. ROBINSON. I see. How much do you usually draw?

Mr. GIOE. I haven't drawn any.

Mr. ROBINSON. What do you live on?

Mr. GIOE. I have some money.

Mr. ROBINSON. Where do you have it?

Mr. GIOE. Well, I have got some put away.

The CHAIRMAN. We are not trying to get your money, but we want to know where you keep your money and how much you have got.

Mr. GIOE. Well, I don't know——

The CHAIRMAN. There is no use in hesitating. You can tell use or else.

Mr. GIOE. I don't even know——

The CHAIRMAN. How much money have you got and where have you got it?

Mr. GIOE. I don't have too much money.

Mr. ROBINSON. That was not the question. Where is the money?

Mr. GIOE. Well, there is some money in the safe at the office, at the hotel, and my wife's account in the bank.

Mr. ROBINSON. What is the amount of your wife's account in the bank?

Mr. GIOE. I would say maybe offhand 7 or 8 thousand dollars.

Mr. ROBINSON. What is the amount in the safe at the hotel?

Mr. GIOE. I would say maybe 3 or 4 thousand dollars.

Mr. ROBINSON. Where else do you have it?

Mr. GIOE. Personally myself I don't know.

Mr. ROBINSON. You mean you don't know where your money is?

Mr. GIOE. I don't have much. Well, I got \$5,000 in the business that I originally bought.

Mr. ROBINSON. You have got how much at the hotel safe?

Mr. GIOE. Yes, I say I think I got 3 or 4 thousand——

Mr. ROBINSON. Let us get it all out individually and locate it. \$5,000 in the business.

Mr. GIOE. Yes; \$5,000 in the business.

Mr. ROBINSON. How much in your wife's bank account?

Mr. GIOE. I would say that there is \$7,000. I am not too sure.

Mr. ROBINSON. That is close enough. How much in the safe in the hotel?

Mr. GIOE. I would say \$3,000.

Mr. ROBINSON. How much at some other place?

Mr. GIOE. I don't have any other place.

Mr. ROBINSON. That is the only place?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. You have no drawing account—you have no salary from the business?

Mr. GIOE. No, sir. It is there; if I want it, I take it.

Mr. ROBINSON. That is not what I am asking. How much do you draw out of the business?

Mr. GIOE. I haven't drawn anything.

Mr. ROBINSON. Where do you draw the money to live on?

Mr. GIOE. I don't need much to live on. My wife pays the expenses.

Mr. ROBINSON. You live at the Seneca Hotel?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. How much do you pay there?

Mr. GIOE. \$175 a month.

Mr. ROBINSON. Where do you get the money?

Mr. GIOE. My wife pays it. She has two restaurants.

Mr. ROBINSON. All right. Where are the restaurants located?

Mr. GIOE. One is located at Ogden Avenue and one at Damon and Lawrence.

Mr. ROBINSON. How much does she make out of that?

Mr. GIOE. I would say about seven or eight thousands dollars a year.

Mr. ROBINSON. And on that you and your wife live?

Mr. GIOE. Well, I mean she is paying the expenses.

Mr. ROBINSON. She is paying everything?

Mr. GIOE. Yes; she pays the hotel bills and everything.

Mr. ROBINSON. And you have no other income from any other source?

Mr. GIOE. No, sir.

The CHAIRMAN. What do you do with your spare time?

Mr. GIOE. I am working in this business.

The CHAIRMAN. You spend some time out there?

Mr. GIOE. Yes. I am instrumental in getting some of that business.

Mr. ROBINSON. You came out of the penitentiary in 1947?

Mr. GIOE. That is right.

Mr. ROBINSON. You went into this business in 1949.

Mr. GIOE. That is right.

Mr. ROBINSON. You put \$5,000 in it.

Mr. GIOE. Yes, sir.

Mr. ROBINSON. Did you have that \$5,000 in some box somewhere or in a hotel safe?

Mr. GIOE. No; we sold a piece of property that my wife had, and I took the \$5,000 from there.

Mr. ROBINSON. How did you wife get that property?

Mr. GIOE. Well, we bought a home in 1935 and we sold it.

Mr. ROBINSON. When did you sell it?

Mr. GIOE. Last year.

Mr. ROBINSON. What did you make on that?

Mr. GIOE. Well, I think it was maybe \$4,000.

Mr. ROBINSON. What did you pay for the house?

Mr. GIOE. \$13,000.

Mr. ROBINSON. Did you and your wife have some other property somewhere?

Mr. GIOE. No, sir.

Mr. ROBINSON. Does your wife have any stocks or bonds?

Mr. GIOE. Not that I know of, sir.

Mr. ROBINSON. What did you do from 1947 to 1949?

Mr. GIOE. I worked for the Consolidated Wire.

Mr. ROBINSON. Doing what?

Mr. GIOE. I worked as assistant to the manager.

Mr. ROBINSON. What is that business?

Mr. GIOE. Consolidated Wire, a wire business.

Mr. ROBINSON. Not a wire-service business.

Mr. GIOE. No. He is the man that sponsored my parole for the job. Consolidated.

Mr. ROBINSON. Who is the man?

Mr. GIOE. Paul Mann.

Mr. ROBINSON. Has he always been in that business?

Mr. GIOE. Yes, sir; for 40 years.

Mr. ROBINSON. Did you work for him before?

Mr. GIOE. No, sir.

Mr. ROBINSON. How did you happen to know him?

Mr. GIOE. Just casually around the restaurant.

Mr. ROBINSON. Now, what businesses were you in prior to the time you went into the penitentiary?

Mr. GIOE. Prior to the time I was with the Beachcomber and I had an interest.

Mr. ROBINSON. Is that a restaurant?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. And a bookie place.

Mr. GIOE. No; that is not a bookie place. The Beachcomber restaurant that I spoke of.

Mr. ROBINSON. That is the one you had an interest in?

Mr. GIOE. That is right.

Mr. ROBINSON. What other activities did you engage in?

Mr. GIOE. I had a cigar store at Clark and Lake.

Mr. ROBINSON. How long did you have that?

Mr. GIOE. Approximately 2 years.

Mr. ROBINSON. When did you buy it?

Mr. GIOE. We opened it. We didn't buy it. We took a store and fitted it out.

Mr. ROBINSON. When did you do that?

Mr. GIOE. I would say 1940 or 1941.

Mr. ROBINSON. And you sold it?

Mr. GIOE. No; when I went to jail, I just disbanded it. I broke the thing up in October 1943.

Mr. ROBINSON. Were you in there yourself in that business?

Mr. GIOE. No, sir.

Mr. ROBINSON. Who was in with you?

Mr. GIOE. Mal Clark.

Mr. ROBINSON. Who was he? Was he always in that business or some other business?

Mr. GIOE. That is all I know about him.

Mr. ROBINSON. You did have an interest in that business?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. Were there any others that you had an interest in?

Mr. GIOE. Prior to that?

Mr. ROBINSON. Yes.

Mr. GIOE. Yes. I was in business with Ralph Pearce and the two Russell brothers.

Mr. ROBINSON. And what years were you in business with them?

Mr. GIOE. I would say it was 1937 to 1940.

Mr. ROBINSON. That was a partnership?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. What sort of places?

Mr. GIOE. We had an office on State Street in which we handled some lay-offs on horses on the books around the city at that time.

Mr. ROBINSON. That was for what years, now?

Mr. GIOE. I would say it was 1937 to 1940.

Mr. ROBINSON. What business were you in prior to 1937?

Mr. GIOE. Prior to 1937 I fooled around with the printing business, but we didn't do any good. Before that I didn't have anything outside of the printing, I believe.

Mr. ROBINSON. What was the last time you saw Russell?

Mr. GIOE. Harry Russell?

Mr. ROBINSON. Yes.

Mr. GIOE. Oh, it has been a long time ago. I saw him one time on Randolph Street when I came out on parole.

Mr. ROBINSON. You have seen him off and on when you came out on parole?

Mr. GIOE. No, sir. I just ran across him one time on Randolph Street.

Mr. ROBINSON. How about David Russell?

Mr. GIOE. I have not seen him.

Mr. ROBINSON. The other partner was who, Ralph Pearce?

Mr. GIOE. Yes.

Mr. ROBINSON. How often do you see him?

Mr. GIOE. I have not seen him. I saw him one time on Van Buren and State Street.

Mr. ROBINSON. Who are your friends there at the Seneca Hotel? You still live there, don't you?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. Who are your friends there?

Mr. GIOE. Well, I have——

Mr. ROBINSON. Who are the people you visit back and forth with at the hotel, you and your wife?

Mr. GIOE. I have a sponsor who lives in the building, Louis Pelton.

Mr. ROBINSON. Who are some of the others?

Mr. GIOE. Sidney Korshak.

Mr. ROBINSON. Who else?

Mr. GIOE. Well, Mr. Greenberg lives in the building, but I don't see him.

Mr. ROBINSON. Where is he?

Mr. GIOE. I don't know. I understand he is in Europe.

Mr. ROBINSON. Who else?

(No response.)

Mr. ROBINSON. Who else do you and your wife visit back and forth with at the hotel?

Mr. GIOE. Lincoln Plaut.

Mr. ROBINSON. Anyone else?

Mr. GIOE. No, sir.

Mr. ROBINSON. Those are the only people that you have associated with since you have gotten out on parole?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. You are sure of that?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. Did you know Al Capone?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. When did you first meet him?

Mr. GIOE. Very casually.

Mr. ROBINSON. Describe it. Give the time and place and circumstances under which you met him.

Mr. GIOE. Well, I saw him on Twenty-second Street, that is all. At the Midnight Frolics, a cafe. I believe it was that name, then.

Mr. ROBINSON. When?

Mr. GIOE. That would be 1931.

Mr. ROBINSON. Do you remember that occasion very well?

Mr. GIOE. No. It is the first time I ever saw him.

Mr. ROBINSON. Who introduced him to you?

Mr. GIOE. Nobody.

Mr. ROBINSON. How did he know you?

Mr. GIOE. He didn't know me. You asked me if I knew Al Capone.

Mr. ROBINSON. Yes. You didn't meet him?

Mr. GIOE. No; I never had any dealings with him.

Mr. ROBINSON. Did you ever meet him?

Mr. GIOE. No; I just saw him at the cafe.

Mr. ROBINSON. Did you ever have any conversation?

Mr. GIOE. No, sir.

Mr. ROBINSON. Do you know Murray Humphreys?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. Where did you meet him?

Mr. GIOE. I believe he at one time had a place at a club that was in the same area.

Mr. ROBINSON. A bookie place?

Mr. GIOE. No; it was not a bookie place. It was a speakeasy.

Mr. ROBINSON. Did he ever have any bookie places?

Mr. GIOE. Not that I know of.

Mr. ROBINSON. How about Hymie Levin, do you know him?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. Where is he living?

Mr. GIOE. He lives on Chestnut Street.

Mr. ROBINSON. Not at the Seneca Hotel?

Mr. GIOE. No, sir; they are directly across.

Mr. ROBINSON. How long have you known him?

Mr. GIOE. Well, I would say I know Hymie 14 years or so.

Mr. ROBINSON. Have you seen him since you got out on parole?

Mr. GIOE. No, sir.

Mr. ROBINSON. Do you know Sam Hunt?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. How long have you known him?

Mr. GIOE. Approximately the same time.

Mr. ROBINSON. Did you have any business connection with him?

Mr. GIOE. No, sir.

Mr. ROBINSON. Do you know Tony Accardo?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. How long have you known him?

Mr. GIOE. We went to school together.

Mr. ROBINSON. Have you ever been in business with him?

Mr. GIOE. No, sir.

Mr. ROBINSON. What business was he in?

Mr. GIOE. One time he was connected with the Okay Motor Service.

Mr. ROBINSON. Is that the only business that you know that he was in?

Mr. GIOE. No.

Mr. ROBINSON. Tell some of the others that he was in.

Mr. GIOE. He had an interest with the Russell brothers in a different location.

Mr. ROBINSON. Ralph Pearce, too?

Mr. GIOE. I don't know about Ralph. Ralph, I knew, had an interest in the office with me.

Mr. HALLEY. When you say he had an interest with the Russell brothers, you mean in their bookmaking business; is that right?

Mr. GIOE. Yes. They had a book down the street—I forget, I think it is on Lake and Wabash.

Mr. HALLEY. And he was in the bookmaking business with the Russell brothers?

Mr. GIOE. Yes, sir.

Mr. HALLEY. Was that at a different time from when you were in the bookmaking business with the Russell brothers?

Mr. GIOE. That was a different type. He was in the room when I had a piece of the office. You see, we had an office on State Street. Accardo was a partner of the Russels in this room on Lake and Wabash.

Mr. HALLEY. What happened in the office? What kind of bookmaking operations did you have there?

Mr. GIOE. We would take some lay-offs.

Mr. HALLEY. From whom would you take the lay-offs?

Mr. GIOE. Various books throughout the city.

Mr. HALLEY. Who were some of the people?

Mr. GIOE. Well, we used to go usually by addresses, Joe Haas and Frank Ryan. There were quite a few books at that time and they would call in and give you a 10-, 20-, or 50-dollar bet.

Mr. HALLEY. What sort of a business did they do in the room down where Accardo was in the business?

Mr. GIOE. It was open to the bettors on the floor.

Mr. HALLEY. Was it in the same building?

Mr. GIOE. No, sir.

Mr. HALLEY. Where was that located?

Mr. GIOE. On Lake and Wabash.

Mr. HALLEY. Thank you.

The CHAIRMAN. What other business did the Russell brothers have?

Mr. GIOE. They were in the tavern business, Senator. I believe Dave had a place on Madison Street, and Harry, I think, had an interest in what they call the Russell Silver Bar on Van Buren Street. I understand he sold out his interest a few years after the war.

The CHAIRMAN. What else did they have an interest in?

Mr. GIOE. I don't know.

The CHAIRMAN. Was Harry Russell a well-known gambler in Chicago?

Mr. GIOE. Yes, he was. He was a bookmaker.

The CHAIRMAN. Was he arrested a number of times?

Mr. GIOE. I don't believe so.

The CHAIRMAN. What other name did he go by?

Mr. GIOE. I don't know. I know his family name, but I can't think of it offhand. I guess he changed his name to Russell.

The CHAIRMAN. His name is really not Russell?

Mr. GIOE. Yes; I know he has a Jewish name, but I can't remember what it was.

Mr. HALLEY. While we are on the subject, where did you get your wire service?

Mr. GIOE. At the time?

Mr. HALLEY. Yes.

Mr. GIOE. I don't know. Russell handled that. I think it was the one that Annenberg had. That was the only wire service, I believe, at the time.

Mr. HALLEY. The Continental Service?

Mr. GIOE. If it was Annenberg, I don't know what the name of his company was.

Mr. HALLEY. Nation-wide.

Mr. GIOE. The one Annenberg had.

The CHAIRMAN. Were Russell and Annenberg good friends?

Mr. GIOE. Supposedly.

The CHAIRMAN. How about Levin? Was he a fellow up in the wire service?

Mr. ROBINSON. Hymie Levin.

Mr. GIOE. Yes, I spoke of him, but I didn't know anything about his wire service.

The CHAIRMAN. Was he not in the same wire service?

Mr. GIOE. No; not at the time. If he followed, he followed later on.

The CHAIRMAN. Were he and Russell good friends?

Mr. GIOE. I don't know how close they were. They knew each other.

The CHAIRMAN. How do you know they knew each other?

Mr. GIOE. Just by conversation, because he would call up and call in a bet every now and then. Hymie Levin.

The CHAIRMAN. That was back in 1940?

Mr. GIOE. I would say 1940, thereabouts, maybe all the way back to '37, '38, '39.

The CHAIRMAN. What happened to Russell?

Mr. GIOE. I don't—

Mr. HALLEY. Did you know Eddie O'Hare?

Mr. GIOE. Eddie O'Hare; no sir.

Mr. HALLEY. Did you know Hugo Bennett?

Mr. GIOE. Who?

Mr. HALLEY. Hugo Bennett.

Mr. GIOE. No, sir.

Mr. HALLEY. Do you know Bill Johnston, Sportsmen's Park?

Mr. GIOE. I know who he is, but I don't have any—

Mr. HALLEY. Did you ever meet him?

Mr. GIOE. I met him very casually.

Mr. HALLEY. Did you ever meet him with Russell?

Mr. GIOE. No, sir.

Mr. HALLEY. Or with Ralph Pearce?

Mr. GIOE. No, sir.

Mr. ROBINSON. I didn't get the answer clear to Mr. Halley's question. Were you in business with the Russells and Pearce at the same time that Accardo was in business with them?

Mr. GIOE. No. The place was called Russell, Russell, Pearce and Gioe. We filed a tax return under that name. We took lay-off from different books. At that time Accardo was with Russell in a book down the street.

Mr. ROBINSON. At the same time.

Mr. GIOE. Yes; but it was two different operations.

Mr. ROBINSON. Did you just take bets from places in Chicago?

Mr. GIOE. Oh, we got some business from out of town.

Mr. ROBINSON. Where?

Mr. GIOE. Well, Kansas City, Omaha, Indiana, Michigan.

Mr. ROBINSON. Will you name some of the people you got bets from those areas?

Mr. GIOE. There was one that came that we used to do exchange business—Eddie Berrick. They were doing business with that office. I didn't know Mr. Berrick at that time. I knew we were doing business with that office. Russell being in this business had what they called outlets. If you wanted to get rid of some money, you called up the outs. That is what they called an "out." He would call up different places. If the bet was too much, and he wanted to move something, he moved it to these different bookmakers.

Mr. ROBINSON. That takes care of Omaha?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. How about Kansas City?

Mr. GIOE. At that time he was doing business with Tony Gizzo and Carollo.

Mr. ROBINSON. Did you say he was doing business?

Mr. GIOE. Russell's office.

Mr. ROBINSON. Weren't you doing business with them, too?

Mr. GIOE. But I wasn't too familiar with the business at that time.

Mr. ROBINSON. He was the man doing it?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. You had an interest in the business but he was managing it.

Mr. GIOE. That is right.

Mr. ROBINSON. Who else in Kansas City?

Mr. GIOE. I don't know anybody else.

Mr. ROBINSON. How about St. Louis?

Mr. GIOE. I don't know who he did business in St. Louis?

Mr. ROBINSON. What was the other city you named?

Mr. GIOE. New York.

Mr. ROBINSON. Who in New York?

Mr. GIOE. I can't think of the fellow's name. I don't know if he had any connection at that time with Erickson's office. They used to make layoffs in New York for the New York tracks.

Mr. ROBINSON. Did you do any business with Erickson to your knowledge?

Mr. GIOE. No; I wouldn't say to it.

Mr. ROBINSON. Did you get any business from Erickson?

Mr. GIOE. There was an office over there that I thought Erickson might have been interested in at the time. Some fellow Green was running the operation. I think Mr. Erickson might have been connected with that outfit at that time.

Mr. ROBINSON. How about Costello?

Mr. GIOE. I never heard of him being connected with him.

Mr. ROBINSON. Do you know him?

Mr. GIOE. No, sir.

Mr. ROBINSON. Well, what are the other cities now?

Mr. GIOE. Well, Cincinnati, he was doing business with somebody, but I wouldn't remember the name. I remember we called different places throughout the country.

Mr. ROBINSON. How about Florida?

Mr. GIOE. We done business with Hialeah race track right with the track.

Mr. ROBINSON. Any of the hotels down there?

Mr. GIOE. No, sir.

Mr. ROBINSON. That is the only one you can remember in Florida, just the track?

Mr. GIOE. That is right. We used to take the bet right into the track.

The CHAIRMAN. How about the S. and G. in Florida, did you do business with them?

Mr. GIOE. No, sir.

The CHAIRMAN. You did not know anything about that?

Mr. GIOE. No, sir.

Mr. ROBINSON. Who was the one up in the New England area?

Mr. GIOE. I never——

Mr. ROBINSON. Nobody in Boston?

Mr. GIOE. No, sir. I didn't know any.

Mr. ROBINSON. Well, can you think of any other areas? How about California?

Mr. GIOE. No; I never knew of anybody that did business there.

Mr. ROBINSON. How about Indiana, out around Gary?

Mr. GIOE. No.

Mr. ROBINSON. Did you have any business from a place called the Big House?

Mr. GIOE. No, sir.

Mr. ROBINSON. William Sheetz?

Mr. GIOE. Not at that time, I don't believe.

Mr. ROBINSON. Any other time?

Mr. GIOE. I am only going up to that time because it was the only time I was in it.

Mr. ROBINSON. How about William Gardner?

Mr. GIOE. No.

Mr. ROBINSON. You don't know either one of them?

Mr. GIOE. No, sir.

Mr. ROBINSON. And you don't know any other person in Indiana?

Mr. GIOE. No, sir.

Mr. ROBINSON. How about Louisville?

Mr. GIOE. No, sir.

Mr. ROBINSON. And nobody in California?

Mr. GIOE. No.

Mr. ROBINSON. Do you know Jack Dragna?

Mr. GIOE. No, sir.

Mr. ROBINSON. John Roselli?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. How about him?

Mr. GIOE. Johnny done time with me.

Mr. ROBINSON. You did business with him from 1937 to 1940?

Mr. GIOE. In horses?

Mr. ROBINSON. Yes.

Mr. GIOE. No, sir.

Mr. ROBINSON. Never?

Mr. GIOE. No, sir.

Mr. ROBINSON. Do you know Roy Jones?

Mr. GIOE. I have heard of him but I don't know him.

Mr. ROBINSON. Did you know Ragen?

Mr. GIOE. No, sir.

Mr. ROBINSON. Or Pat Burns?

Mr. GIOE. No, sir.

Mr. ROBINSON. McBride?

Mr. GIOE. No, sir.

Mr. ROBINSON. None of them?

Mr. GIOE. No, sir.

Mr. ROBINSON. How long did you know Nitti?

Mr. GIOE. I would say about 10 years.

Mr. ROBINSON. What was your association with him?

Mr. GIOE. Nothing, just that I met him around the old man's cigar store at that time over on Clark Street, Alderman Henny's place.

Mr. ROBINSON. How did you get tied up with him in this movie business?

Mr. GIOE. I was never tied up in the movie business.

Mr. ROBINSON. You were not tied up with Nitti in any way?

Mr. GIOE. No, sir.

Mr. ROBINSON. You never saw him?

Mr. GIOE. I never saw or had anything to do with it.

Mr. ROBINSON. How long have you known Campagna?

Mr. GIOE. I would say approximately the same time.

Mr. ROBINSON. And you have done business with him?

Mr. GIOE. No, sir.

Mr. ROBINSON. Had you been in business with him?

Mr. GIOE. No, sir.

Mr. ROBINSON. You were never in the gambling business with him?

Mr. GIOE. No, sir.

Mr. ROBINSON. What business was he in?

Mr. GIOE. Campagna?

Mr. ROBINSON. Yes.

Mr. GIOE. I don't know.

Mr. ROBINSON. You don't know what business he was in?

Mr. GIOE. He was out of Cicero. That is some place I never went to. I knew he had a couple of saloons at the time.

Mr. ROBINSON. You say he had a couple of saloons?

Mr. GIOE. He had an interest in some of those places in Cicero at the time.

Mr. ROBINSON. Now, 1937 to 1940, you were in partnership with Pearce and the two Russells.

Mr. GIOE. Yes, sir.

Mr. ROBINSON. How much did you put into that?

Mr. GIOE. Not very much money. I went out and solicited the accounts and got some business for them. That was all I was interested in at the time.

Mr. ROBINSON. Who did you solicit?

Mr. GIOE. Various bettors.

Mr. ROBINSON. Well, who were some of them, some of the larger ones?

Mr. GIOE. Well, at that time there were quite a few of the places around town, and I would go over there and talk to somebody if I happened to know somebody and asked about the lay-off business.

Mr. ROBINSON. Did you solicit Ricca?

Mr. GIOE. No.

Mr. ROBINSON. Can't you think of any of the names?

Mr. GIOE. Well, there was Dobkin.

Mr. ROBINSON. How about Peter Tremont?

Mr. GIOE. I don't know.

Mr. ROBINSON. Did you ever solicit him?

Mr. GIOE. No, sir.

Mr. ROBINSON. Dobkin is known as a rather large commissioner.

Mr. GIOE. At that time he wasn't doing too much business. Joe Grabner. Oscar Gutter.

Mr. ROBINSON. How about Harry Siganski? Did you ever do any business with him?

Mr. GIOE. Harry Siganski?

Mr. ROBINSON. Doc Siganski.

Mr. GIOE. No, sir. I cannot place the name at all.

Mr. ROBINSON. What did you say you put into this business, this partnership?

Mr. GIOE. I wouldn't say it was very much.

Mr. ROBINSON. How much?

Mr. GIOE. I wouldn't even remember the figure offhand. It could not have been more than \$1,000 or \$2,000.

Mr. ROBINSON. How much did Russell put in?

Mr. GIOE. I really don't know.

Mr. ROBINSON. How much did Pearce put in?

Mr. GIOE. I don't know how much he put in.

Mr. ROBINSON. You were in partnership?

Mr. GIOE. Yes.

Mr. ROBINSON. You didn't have an agreement.

Mr. GIOE. The Russell brothers put up the bankroll.

Mr. ROBINSON. And you got in for \$1,000?

Mr. GIOE. A couple of thousand.

Mr. ROBINSON. How did that come about? How could you get in with just \$1,000?

Mr. GIOE. We were only booking on a small scale.

Mr. ROBINSON. Didn't it grow into a larger scale?

Mr. GIOE. We did some volume.

Mr. ROBINSON. Let us take up the volume. How much volume of business would you do?

Mr. GIOE. Maybe some days we would do 3,000, some days 2,500, some days we might do 3,500.

Mr. ROBINSON. How much would you do every year?

Mr. GIOE. Well, I couldn't give you that. If I could get the sheets at the time——

Mr. ROBINSON. Was that normal, two or three thousand dollars a day?

Mr. GIOE. Yes. Sometimes we would have five or six thousand dollars on a Saturday, stake races, and people would bet heavier on stake races.

Mr. ROBINSON. What did you get out of it?

Mr. GIOE. 25 percent.

Mr. ROBINSON. 25 percent?

Mr. GIOE. Of the winnings.

Mr. ROBINSON. How was the rest of it split?

Mr. GIOE. The same way.

Mr. ROBINSON. You got 25 percent of the winnings for a thousand dollar investment?

Mr. GIOE. For the small investment, I had 25 percent. Originally I started out I got some of the business, I got a piece of that and then they declared me on the whole thing rather than keep separate books. It was like 50-50 book where you get 50 percent of the winnings back.

Mr. ROBINSON. Well, how much would you get out of that annually for your 25 percent? How much would that amount to?

Mr. GIOE. It was never too much. I got seven or eight thousand dollars, I believe. Six, seven, or eight thousand dollars.

Mr. ROBINSON. A year?

Mr. GIOE. Yes.

Mr. ROBINSON. That is all you got out of it?

Mr. GIOE. That is all I got out of it. That is all the books show.

Mr. ROBINSON. Did you do some betting individually yourself?

Mr. GIOE. Very little.

Mr. ROBINSON. So your total income for those years would run about six, seven, or eight thousand dollars a year from 1937 to 1940?

Mr. GIOE. It might have been a little more than that.

Mr. ROBINSON. How much did Harry Russell get out of it?

Mr. GIOE. Harry Russell would bet beside booking. I wouldn't know.

Mr. ROBINSON. You don't know how much he got out of it?

Mr. GIOE. I wouldn't know what he won betting.

Mr. ROBINSON. Out of the business.

Mr. GIOE. That is what I mentioned. I thought it ran around \$7,000.

Mr. ROBINSON. That each one of you got out?

Mr. GIOE. I believe so, yes. But he was a bettor. By that I mean, if he thought the horse was any good, he would bet \$500 or \$200 or \$300.

Mr. ROBINSON. You have been identified with the Capone syndicate, isn't that right?

Mr. GIOE. The newspapers identified or whoever wants to identify me.

Mr. ROBINSON. You say you never have been associated with them or done business with them or been friendly with them?

Mr. GIOE. Well, I know a lot of them, but what you call the Capone syndicate—

Mr. ROBINSON. You say you know a lot of them.

Mr. GIOE. I mean the people you mention. You call them a syndicate. You say I was associated with the syndicate.

Mr. ROBINSON. You said you knew a lot of them. Who are they?

Mr. GIOE. These names that you mentioned, you asked about Murray Humphreys. I know these people.

Mr. ROBINSON. You associate them with the Capone syndicate?

Mr. GIOE. I don't associate anybody with any syndicate.

The CHAIRMAN. How about Ralph Capone, do you know him?

Mr. GIOE. No, sir; very casually.

The CHAIRMAN. How casually?

Mr. GIOE. I just know him to see him. I never had anything to do with him.

Mr. HALLEY. Were you born in Chicago?

Mr. GIOE. Yes, sir.

Mr. HALLEY. How old are you?

Mr. GIOE. Forty-six.

Mr. HALLEY. When did you first met Al Capone? What year?

Mr. GIOE. I would say it was in the early thirties.

Mr. HALLEY. What were you doing at the time?

Mr. GIOE. I was in the printing business and I was trying to sell some tickets to the bookmakers.

Mr. HALLEY. In what printing business were you?

Mr. GIOE. We called it a general ticket.

Mr. HALLEY. Who else was in the business?

Mr. GIOE. There was Creighton, a Frank Kelly, O'Brien.

Mr. HALLEY. Did you have any other business at that time?

Mr. GIOE. No, sir.

Mr. HALLEY. Was that your first business or had you had any other business before that?

Mr. GIOE. No business.

Mr. HALLEY. You said you went to school with Tony Accardo?

Mr. GIOE. Yes, we were born in the same neighborhood and went to school together.

Mr. HALLEY. Where did you go to school together?

Mr. GIOE. The Washington School.

Mr. HALLEY. Did you continue to see him after that?

Mr. GIOE. Yes, sir.

Mr. HALLEY. And what did he do when he got out of school?

Mr. GIOE. I don't know. He went to work for a wholesale grocer. His father had a shoe shop, and he was with his father.

Mr. HALLEY. He went to work with Al Capone for a while.

Mr. GIOE. Not that I know of.

Mr. HALLEY. He was in the liquor business with him.

Mr. GIOE. If you know that, I don't.

Mr. HALLEY. You don't know that?

Mr. GIOE. No, sir.

Mr. HALLEY. Did you see him during those days right after you got out of school?

Mr. GIOE. No; I would see him on and off.

Mr. HALLEY. I am trying to find out how you met all these people. How did you happen to meet Al Capone. You say you were in the printing business. Could anybody in the printing business walk up to Al Capone?

Mr. GIOE. No. There was no Capone in the printing business.

Mr. HALLEY. How did you get to meet him?

Mr. GIOE. I told you in the early thirties I saw him at this cafe that I made mention of.

Mr. HALLEY. What cafe?

Mr. GIOE. The Frolics on Twenty-second Street.

Mr. HALLEY. What were you doing there?

Mr. GIOE. I was cafe-ing.

Mr. HALLEY. Who introduced you to Capone?

Mr. GIOE. I was not introduced to him. I just saw him. In them days he was around every night. When he asked me about Capone, I said yes, I knew him.

Mr. HALLEY. Were you around there every night?

Mr. GIOE. No, sir.

Mr. HALLEY. When did you first meet him to talk to him?

Mr. GIOE. I don't ever remember ever having talked to him.

Mr. HALLEY. You never met him at all?

Mr. GIOE. No; I just saw him around the place.

Mr. HALLEY. Did you ever talk to Al Capone?

Mr. GIOE. No, sir.

Mr. HALLEY. Never had a conversation of any kind with him?

Mr. GIOE. No, sir.

Mr. HALLEY. Never said, "Good morning," "Good evening," or "Hello, Mr. Capone"?

Mr. GIOE. No, sir.

Mr. HALLEY. No talk at all between you and Al Capone?

Mr. GIOE. No, no conversation. All I ever saw him was in that cafe.

Mr. HALLEY. When did you first meet Paul Ricca?

Mr. GIOE. Ricca had a restaurant at the Blue Grotto, I think it was called, and I would say that was maybe 1934 or 1935.

Mr. HALLEY. 1934 or 1935?

Mr. GIOE. I would say earlier than that, I believe.

Mr. HALLEY. Was it a speakeasy?

Mr. GIOE. I believe it was before prohibition.

Mr. HALLEY. He sold liquor?

Mr. GIOE. It was a restaurant, and he sold liquor and wines.

Mr. HALLEY. Where was the Blue Grotto located?

Mr. GIOE. At Wabash and Congress or Van Buren.

Mr. HALLEY. How did you first meet Ricca?

Mr. GIOE. I just met him at the restaurant down there.

Mr. HALLEY. Who introduced you?

Mr. GIOE. Well, you meet people and not necessarily through introductions.

Mr. HALLEY. You seem to have wandered around Chicago and got to know a lot of people and you don't seem to make it clear how you met anybody. Did you meet Ralph Capone?

Mr. GIOE. No, just casually.

Mr. HALLEY. Did you ever talk to Ralph Capone?

Mr. GIOE. No, I don't believe so.

Mr. HALLEY. You never talked to him?

Mr. GIOE. No, I never had anything to do with him.

Mr. HALLEY. You never said hello?

Mr. GIOE. You are trying to pin me down to say hello, but I never had anything to do—

Mr. HALLEY. I am not trying to pin you down. Did you know Ralph Capone or didn't you?

Mr. GIOE. I would say I didn't know him.

Mr. HALLEY. Did you know him well enough to greet him and to have him greet you?

Mr. GIOE. Well, if I have seen Ralph Capone maybe three times in my whole life, or what was supposed to be Ralph Capone, it is the most.

Mr. HALLEY. Were you ever introduced to him?

Mr. GIOE. No, sir.

Mr. HALLEY. Never?

Mr. GIOE. No, sir, not to the best of my recollection.

Mr. HALLEY. How did you first meet Harry Russell?

Mr. GIOE. Ralph Pearce told me about this proposition.

Mr. HALLEY. How did you first meet Ralph Pearce?

Mr. GIOE. I met him around Twenty-second Street when he was around with Sam and the rest of the lads. I think it was during prohibition.

Mr. HALLEY. Sam?

Mr. GIOE. Sam Hunt.

Mr. HALLEY. That is "Golf Bag" Hunt, isn't it?

Mr. GIOE. Sam Hunt.

Mr. HALLEY. They call him "Golf Bag" Hunt, don't they?

Mr. GIOE. I don't know who does outside of the newspapers.

Mr. HALLEY. Did the newspapers call him that?

Mr. GIOE. They refer to him as "Golf Bag."

Mr. HALLEY. What do you mean you were all around Twenty-second Street? That is very vague. What happened on Twenty-second Street?

Mr. GIOE. Nothing. I told you I was in this printing business. I was trying to solicit some of these fellows to give us some of the business for the tickets. So I tried to contact whoever I knew would be influential or knew this fellow or that fellow and try to get some of the business.

Mr. HALLEY. Was Pearce one of the people you contacted?

Mr. GIOE. I believe so.

Mr. HALLEY. How did you get to meet Pearce? Who introduced you to him?

Mr. GIOE. I wouldn't remember.

Mr. HALLEY. Is it your testimony that you want this committee to believe that you were in the printing business and you just wandered around Chicago and tried to meet people and sell them tickets?

Mr. GIOE. I am not trying to avoid answering the question. I just can't think in my mind and say how did I meet this fellow and that.

Mr. HALLEY. Did you ever belong to the Union Siciliano?

Mr. GIOE. No, sir.

Mr. HALLEY. Never?

Mr. GIOE. No, sir.

Mr. HALLEY. Did you ever hear of it?

Mr. GIOE. It is a fraternal organization in Chicago.

Mr. HALLEY. Where is it located?

Mr. GIOE. I don't know. At one time it was located at the Masonic Temple.

Mr. HALLEY. On Washington Street?

Mr. GIOE. Yes, sir. It was an insurance office.

Mr. HALLEY. And had other purposes, too, didn't it?

Mr. GIOE. Not that I know.

Mr. HALLEY. Did you ever belong to it?

Mr. GIOE. No, sir.

Mr. HALLEY. Did you ever belong to the Italo-American League?

Mr. GIOE. No, sir.

Mr. HALLEY. Did you ever hear of the Mafia?

Mr. GIOE. Yes, sir.

Mr. HALLEY. What have you heard of it?

Mr. GIOE. What I read in the papers.

Mr. HALLEY. Do you know whether or not there is such an organization as the Mafia from your own knowledge?

Mr. GIOE. From my own knowledge, I know of no such organization.

Mr. HALLEY. Do you belong to any such organization?

Mr. GIOE. No, sir.

Mr. HALLEY. Now, I wish you would state again the circumstances under which you were able to get a 25 percent interest in Harry Russell's business for \$2,000, or one or two thousand dollars.

Mr. GIOE. I don't remember the exact figure. I said it was a couple of thousand dollars at the time.

Mr. HALLEY. That makes absolutely no sense at all.

Mr. GIOE. Well, I guess they were just starting the business. This Ralph Pearce says, "Let us take a piece of this, what you call it," because at that time we were soliciting for this ticket business for these books. I said, "All right, I will take a piece with you." We put up a little money and got some business for the office.

Mr. HALLEY. When you went into the bookmaking business did you go out of the ticket business?

Mr. GIOE. We sold out to Bentley-Murray.

Mr. HALLEY. What year did you sell out?

Mr. GIOE. 1934 or 1935. I am vague on that.

Mr. HALLEY. What did you do for a living between 1934 and 1937?

Mr. GIOE. I didn't do much of anything.

Mr. HALLEY. Were you ever arrested?

Mr. GIOE. Yes.

Mr. HALLEY. Were you ever convicted of a crime?

Mr. GIOE. Yes.

Mr. HALLEY. You were convicted, of course, on the movie extortion case.

Mr. GIOE. Yes.

Mr. HALLEY. Do you now admit your guilt in that case or do you still contend you were innocent?

Mr. GIOE. I still contend I was innocent.

Mr. HALLEY. Were you ever convicted of any other crime?

Mr. GIOE. No, sir.

Mr. HALLEY. How many times were you arrested?

Mr. GIOE. Well, what you call arrest, I was arrested maybe as far as I can remember five or six times.

Mr. HALLEY. Could it be more?

Mr. GIOE. No.

Mr. HALLEY. For what were you arrested?

Mr. GIOE. Well, more or less for general pick-ups. I was never tried for a crime.

Mr. HALLEY. You never were tried except in the extortion case?

Mr. GIOE. That is right.

Mr. HALLEY. Between 1934 and 1937 you had no business at all?

Mr. GIOE. 1934 and 1937.

Mr. HALLEY. You said in 1937 you went into the bookmaking business with Russell.

Mr. GIOE. In 1937 I believe I was—in 1934 rather, or just before that—prior to that I messed around with some alcohol during prohibition.

Mr. HALLEY. Let us hear about the messing around.

Mr. GIOE. I sold some to various customers who asked for it.

Mr. HALLEY. Where did you buy it?

Mr. GIOE. I bought it from various places where they had poolrooms and places like that, where you made contact with the fellows that manufactured it. I bought it and resold it to some customer from out of town.

Mr. HALLEY. Did you have any partners in the alcohol business?

Mr. GIOE. No, sir.

Mr. HALLEY. How much money had you accumulated when prohibition went out, that is, at the time of repeal? How much money had you accumulated?

Mr. GIOE. I wouldn't know that.

Mr. HALLEY. Was it over \$10,000?

Mr. GIOE. I couldn't say whether it was \$10,000 or \$15,000.

Mr. HALLEY. Was it as much as \$100,000?

Mr. GIOE. No.

Mr. HALLEY. You think you might have had \$10,000?

Mr. GIOE. I could have accumulated \$10,000.

The CHAIRMAN. Tell us your best estimate.

Mr. GIOE. My best estimate would be that I maybe made seven or eight thousand dollars a year during prohibition or maybe \$4,000.

Mr. HALLEY. Who else messed around with alcohol. Was Tony Accardo one?

Mr. GIOE. I don't know. I believe he was. But I wasn't doing any business with him.

Mr. HALLEY. At that time did you know Ricca?

Mr. GIOE. No, sir.

Mr. HALLEY. When did you first meet Ricca?

Mr. GIOE. Ricca I met, I think, they were selling a bottle champagne, either he or somebody was connected with him, and I wanted to get some for the Christmas holidays, there was some market for it, and that is how I think I got to go to the Blue Grotto.

Mr. HALLEY. You mean to buy champagne?

Mr. GIOE. It was synthetic champagne.

Mr. HALLEY. This was before prohibition?

Mr. GIOE. I would say it was around that time.

Mr. HALLEY. You needed the champagne for your customers?

Mr. GIOE. Yes, for Christmas. Maybe I had a customer that wanted four or five cases.

Mr. HALLEY. How much champagne would you say you bought from Ricca before prohibition was repealed?

Mr. GIOE. Not much.

Mr. HALLEY. Would you say that the deals amounted to a couple of hundred dollars?

Mr. GIOE. Couple of hundred dollars. Well, I didn't do too much. If I picked up wine, it would be 5 or 10 cases, maybe a couple of times.

Mr. HALLEY. You say you didn't deal with him?

Mr. GIOE. He had a partner by the name of Ralph something that used to handle the business at that time.

Mr. HALLEY. Buglio?

Mr. GIOE. No; it was not Buglio. The name does not register.

Mr. HALLEY. When did you first meet Campagna?

Mr. GIOE. I don't know Mr. Campagna too well. It could have been around the same time, around the same years, say 1937, 1938, or something.

Mr. HALLEY. How did you meet Campagna?

Mr. GIOE. Very vague in my mind how I came across him.

Mr. HALLEY. You knew Phil D'Andrea.

Mr. GIOE. He is one of the fellows convicted with us.

Mr. HALLEY. When did you first meet him?

Mr. GIOE. Well, Phil was interested in politics around that first ward. I wouldn't say just when I met him, but he had some trucks that were working for the city and he was pretty active in first ward politics.

Mr. HALLEY. Were you active in first ward politics?

Mr. GIOE. Somewhat, not——

Mr. HALLEY. Did you ever run for political office?

Mr. GIOE. No, sir.

Mr. HALLEY. What was your activity in the politics?

Mr. GIOE. Nothing, nothing at all, whatsoever.

Mr. HALLEY. What party were you active with, Democrat or Republican?

Mr. GIOE. I was an opportunist. If a Republican was in power, I would ask him for favors, and if the Democrats were in power, I would see the Democrats.

Mr. HALLEY. Did you ever make any contributions?

Mr. GIOE. No, sir; not to amount to anything.

Mr. HALLEY. Did you contribute to one party or to the other or to both?

Mr. GIOE. No.

Mr. HALLEY. No contributions at all?

Mr. GIOE. No. It could have been a very small thing, maybe \$25 or \$50.

Mr. HALLEY. During prohibition, then, you were handling a little liquor.

Mr. GIOE. Yes, sir.

Mr. HALLEY. Then you went into the printing business.

Mr. GIOE. Yes, sir.

Mr. HALLEY. Did you do that when prohibition was repealed?

Mr. GIOE. No. We started that. I thought I saw where we might get lucky and get into this type of business and make some money, but it didn't pan out that way.

Mr. HALLEY. Did you lose money on it?

Mr. GIOE. No; we didn't make or lose too much money.

Mr. HALLEY. When you sold out in 1934, what was your share?

Mr. GIOE. There were five partners in the business, but we owed so much money that the other company took it over and paid off the debts for us, and took the company.

Mr. HALLEY. What did you live on between 1934 and 1937 when you went into the betting business with Harry Russell?

Mr. GIOE. Well, what did I live on? I did the best I could. I was never a large liver.

Mr. HALLEY. When did you move into the Seneca Hotel?

Mr. GIOE. I would say 1942.

Mr. HALLEY. Was it your wife who owned the stock in that, or you?

Mr. GIOE. My wife.

Mr. HALLEY. Who gave her the money to buy the stock?

Mr. GIOE. I did. I gave Mr. Greenberg the money.

Mr. HALLEY. How much money did you pay for the stock in the Seneca?

Mr. GIOE. I think it was around \$12,000.

Mr. HALLEY. When did you buy the stock?

Mr. GIOE. 1939 or 1940. I believe that was the year.

Mr. HALLEY. Where did you live before you moved into the Seneca Hotel?

Mr. GIOE. 4300 Marine Drive.

Mr. HALLEY. How long did you live there?

Mr. GIOE. About 2 years.

Mr. HALLEY. Where did you live before that?

Mr. GIOE. Over in a place on the west side at Kedsey Boulevard, and I can't think of the street that runs the other way.

Mr. HALLEY. You had no means of earning a living as far as I can see between 1934 and 1937, is that right?

Mr. GIOE. I was trying to place what I was doing in 1934.

Mr. HALLEY. You said you closed out the printing business.

Mr. GIOE. In 1934 I lived in Iowa, I believe.

Mr. HALLEY. What were you doing in Iowa?

Mr. GIOE. At that time we used to bring alcohol from Wisconsin to Iowa.

Mr. HALLEY. Who did that?

Mr. GIOE. Myself.

Mr. HALLEY. Who else?

Mr. GIOE. It was just the fellows that used to buy it. There was a fellow by the name of Johnny who used to get the alcohol and send it down by one of his drivers.

Mr. HALLEY. Who gave you your protection during the prohibition days? Did you get that from the Capone syndicate?

Mr. GIOE. No protection from any Capone syndicate.

Mr. HALLEY. You could not just go out and peddle liquor in Chicago without making peace with somebody.

Mr. GIOE. I never had any trouble.

Mr. HALLEY. Did Vogel live at 4300 Marine Drive, too?

Mr. GIOE. I don't know whether he lived there before or after I did.

Mr. HALLEY. Did he live there?

Mr. GIOE. Yes, sir.

Mr. HALLEY. Did you have any other friends in that building?

Mr. GIOE. At the time when I lived there I don't believe there was anybody living in there. There was Paul Mann living in the building. That is the fellow who employed me. That is all I can remember.

Mr. HALLEY. He isn't just the man that is a customer. He is a man you have known for some time.

Mr. GIOE. Yes, sir.

Mr. HALLEY. When did you first meet Paul Mann?

Mr. GIOE. I knew him casually. I met him in the restaurant, just like a customer that you get friendly with.

Mr. HALLEY. In what restaurant?

Mr. GIOE. The Beachcomber.

Mr. HALLEY. When did you buy the stock in the Beachcomber?

Mr. GIOE. We started that business.

Mr. HALLEY. When did you invest in the Beachcomber?

Mr. GIOE. I believe it was 1939 or 1940.

Mr. HALLEY. How much money did you invest in that?

Mr. GIOE. I will have to get the records. I could not tell you off-hand and be down to a figure.

The CHAIRMAN. Tell us approximately.

Mr. GIOE. I don't know what the thing cost. I promoted the thing. It hardly cost me anything, because I had the idea and I saw this Beachcomber and saw the operation there, and saw the location and made mention of it to Jacobson and Fittell, if they like the location, what they could do with it. They looked into it and thought it would be a good idea if we could get Beachcomber interested in it. He came down and I took a little interest in it.

Mr. HALLEY. What percentage?

Mr. GIOE. Seventeen percent.

Mr. HALLEY. That is not such a little interest, 17 percent.

Mr. GIOE. Well, it was a restaurant that didn't cost too much to put up.

Mr. HALLEY. What did you pay for your 17 percent?

Mr. GIOE. I don't know if it was \$5,000, \$7,000 or how much I put in there. I would have to get the records. You are taking me back quite a while.

Mr. HALLEY. Let us go back to 1934. We will go back even further. You sold out the printing business.

Mr. GIOE. Yes, sir.

Mr. HALLEY. Then you were bootlegging liquor into Iowa from Wisconsin.

Mr. GIOE. At the same time, I will say.

Mr. HALLEY. How long did you do that?

Mr. GIOE. You mean how long did I——

Mr. HALLEY. Take liquor into Iowa.

Mr. GIOE. Oh, since maybe 1928.

Mr. HALLEY. Since 1928?

Mr. GIOE. 1928 or 1929.

Mr. HALLEY. When did that end, when did you stop that business?

Mr. GIOE. When prohibition went out of effect.

Mr. HALLEY. When you took liquor into Iowa, were you driving a truck?

Mr. GIOE. No; automobile.

Mr. HALLEY. You took automobile loads?

Mr. GIOE. Yes.

Mr. HALLEY. Where did you buy that liquor?

Mr. GIOE. There was a place on Grand and Green, a few people around there that had it. In them days you could get as much as you want during prohibition.

Mr. HALLEY. Did you know Greenberg in those days?

Mr. GIOE. No, sir.

Mr. HALLEY. When did you first meet Greenberg?

Mr. GIOE. I just don't remember when I first met Greenberg.

Mr. HALLEY. Do you know the Fischettis?

Mr. GIOE. Yes, sir.

Mr. HALLEY. Do you know Rocco?

Mr. GIOE. Yes, sir.

Mr. HALLEY. When did you first meet him?

Mr. GIOE. I did business with him about, I would say, 1937 or 1938.

Mr. HALLEY. What kind of business?

Mr. GIOE. He had a place on Wabash Avenue.

Mr. HALLEY. What kind of a place did he have?

Mr. GIOE. A horse book.

Mr. HALLEY. What kind of business did you do with him?

Mr. GIOE. Over the telephone.

Mr. HALLEY. Lay-off business?

Mr. GIOE. Yes, sir.

Mr. HALLEY. Did he lay off with the Russells?

Mr. GIOE. Yes, sir.

Mr. HALLEY. Do you know Charles Fischetti?

Mr. GIOE. Yes, sir.

Mr. HALLEY. How long do you know him?

Mr. GIOE. Approximately the same time.

Mr. HALLEY. Did you ever do business with him?

Mr. GIOE. No; on the same basis.

Mr. HALLEY. Do you know Anthony Capezio?

Mr. GIOE. He comes from my neighborhood on the west side. I never done any business with him.

Mr. HALLEY. How long do you know him?

Mr. GIOE. I have known him quite a while just to know him. He came from my neighborhood.

Mr. HALLEY. Did you go to school with him?

Mr. GIOE. No, sir.

Mr. HALLEY. Do you know Rocco DeGrazio?

Mr. GIOE. No, sir.

Mr. HALLEY. Do you know Nicolo Impostato?

Mr. GIOE. I didn't get the name.

Mr. HALLEY. Impostato.

Mr. GIOE. No, sir.

Mr. HALLEY. You don't know him?

Mr. GIOE. No, sir.

Mr. HALLEY. Do you know Tony Antonelli?

Mr. GIOE. No, sir.

Mr. HALLEY. Do you know Tony Bello?

Mr. GIOE. No, sir.

Mr. HALLEY. Let us go back now to this period between 1934 and 1937. I am very much interested in finding out what you were doing in that time.

Mr. GIOE. Well——

Mr. HALLEY. How long was it still profitable to run liquor into Iowa?

Mr. GIOE. Around the end, when prohibition was repealed, there was a little market there for a while. I don't know if that ended in about 1935.

Mr. HALLEY. Then what did you do after 1935?

Mr. GIOE. I didn't do much of anything that I can remember at this time.

Mr. HALLEY. So for 2 or 3 years you had no business at all?

Mr. GIOE. No. I don't know whether I went in with the Russells the latter part of 1936 or 1937. It was around that time.

Mr. HALLEY. How long were you out of work?

Mr. GIOE. Well, I was never out of work. I was always trying to do something, looking for something.

Mr. HALLEY. What were you trying to do? What would you say was your business at that time?

Mr. GIOE. I went in with a fellow into the wrestling promotion business.

Mr. HALLEY. With whom?

Mr. GIOE. A fellow by the name of Pinkey George.

Mr. HALLEY. How long?

Mr. GIOE. I messed around with it for about a year.

Mr. HALLEY. Did you make any money with it?

Mr. GIOE. No; not too much money.

Mr. HALLEY. What end were you in? Did you manage wrestlers?

Mr. GIOE. No.

Mr. HALLEY. Did you put on shows?

Mr. GIOE. He didn't have too much money and I had enough to cover to put on a show. It might cost us two or three hundred dollars.

Mr. HALLEY. Where did you do that?

Mr. GIOE. Through the small towns in Iowa.

Mr. HALLEY. But not in Chicago?

Mr. GIOE. No, sir.

Mr. HALLEY. You testified some time ago that the reason you were able to get such a deal with Russell was that you were circulating around Chicago at that time selling printing so you knew everybody. But it turns out now that you went in with Russell about 3 years after you left the printing business, and in those 3 years you were not doing much of anything except bootlegging in Iowa, and putting on wrestling shows. How did you get the contacts that made you worth 25 percent to Russell?

Mr. GIOE. I didn't get any contact. I told you I just fell into something.

Mr. HALLEY. I think you muscled into something, and I am trying to find out how.

Mr. GIOE. I didn't muscle in. I am not a muscle man.

Mr. HALLEY. We will form that conclusion. Apparently your earlier statement was wrong, wasn't it? You said you were circulating around Chicago selling printing.

Mr. GIOE. That is right.

Mr. HALLEY. But that was years before. You weren't selling printing at the time you were trying to get the bookmaking business.

Mr. GIOE. I got to know people that were in that business and I tried to sell them tickets.

Mr. HALLEY. You didn't get to know bookmakers when you were selling tickets.

Mr. GIOE. That was the ticket I was printing.

Mr. HALLEY. What kind of ticket?

Mr. GIOE. The safety ticket.

Mr. HALLEY. What kind?

Mr. GIOE. It was new at the time. It was an innovation. It was foolproof, that you could not be past-posted. There was a carbon copy on the back of it. These people had this ticket and came to this little printing plant that we had, printing the old-type ticket. So we took this ticket and put it on the market at the time. It is the only ticket being used today. It took on. But we didn't have enough money at the time and it got bigger and bigger and then there was a close-up of the books so we folded up.

Mr. HALLEY. You must have known something about the book-making business at that time, when you went into the printing business.

Mr. GIOE. Not too much.

Mr. HALLEY. Well, a little bit.

Mr. GIOE. This fellow O'Brien, the one that had the idea of the tickets, is the one that brought it over to this little printing office.

Mr. ROBINSON. What is his other name?

Mr. GIOE. He is from the south side. I can't think of it. You see, this was back in 1932 or 1933 or 1934. I couldn't think of his first name offhand.

Mr. HALLEY. Didn't your company print liquor labels?

Mr. GIOE. No, sir.

Mr. HALLEY. For whisky bottles?

Mr. GIOE. No, sir.

Mr. HALLEY. And didn't you print tax stamps?

Mr. GIOE. No, sir.

Mr. HALLEY. Isn't that really why you went into that printing business?

Mr. GIOE. No, sir.

Mr. HALLEY. Do you want to stand on that answer?

Mr. GIOE. Yes, sir.

Mr. HALLEY. Did the company never have anything to do with printing whisky labels or liquor labels?

Mr. GIOE. No, sir.

Mr. HALLEY. Were you ever associated with any company that had anything to do with printing whisky labels?

Mr. GIOE. No, sir.

Mr. HALLEY. Were you ever associated with any company that had anything to do with printing tax stamps for whisky bottles or liquor bottles?

Mr. GIOE. No, sir.

Mr. HALLEY. You will stand on that answer under oath?

Mr. GIOE. Yes, sir.

Mr. HALLEY. And your statement is that the only thing your company printed was these tickets?

Mr. GIOE. The tickets.

Mr. HALLEY. And so in that way you got to know them?

Mr. GIOE. Yes, in that way I got familiar with a lot of the books.

Mr. HALLEY. But you didn't get to know them well enough to sell them tickets?

Mr. GIOE. I sold them tickets.

Mr. HALLEY. But the business didn't prosper?

Mr. GIOE. It didn't prosper because the business closed up for 18 months. And that was the only kind of printing we were doing at that time.

Mr. HALLEY. And then, when you went back into the business, it is your testimony that you had enough friends so that Harry Russell gave you 25 percent of his business?

Mr. GIOE. Yes; I could give him some business.

Mr. HALLEY. How much of this business did you get?

Mr. GIOE. How much of the business did I get? I went out and opened up some accounts.

Mr. HALLEY. How many accounts did you open?

Mr. GIOE. Well, maybe I got 10 or 20. I don't remember.

Mr. HALLEY. Well, name those that you got.

Mr. GIOE. I went to the lay-offs, and I went to these smaller books, where they got a \$20 bet. I went in for small stuff. I couldn't afford to take big gamblers at the time. You know what I mean. So a lot of these people, they get a \$20 bet on a 10-to-1 place; they want some place to lay it off, because they can't stand to lose that much on one race. So I knew a few that were in business at the time, and I got some of their business.

Mr. HALLEY. Did you account for as much as a thousand dollars a day of business?

Mr. GIOE. I would say so.

Mr. HALLEY. You personally would bring in a thousand dollars a day?

Mr. GIOE. Not every day. But some days that account would bring in \$4,000.

Mr. HALLEY. Would you say you brought in half of Harry Russell's business?

Mr. GIOE. No, sir.

Mr. HALLEY. Did you bring in a quarter of it?

Mr. GIOE. Well, I brought in some business.

Mr. HALLEY. You brought in some business?

Mr. GIOE. I brought in some business.

Mr. HALLEY. But you took no part of the loss. You only had a quarter of the profits?

Mr. GIOE. On the basis of a 50-50 book, you take no loss, and you only get 50 percent of the winnings, and the bookmaker takes the loss, in order to get the account. That is how it originally started. But it didn't develop that way until 25 percent of the losses came in there.

Mr. HALLEY. You mean you would have 25 percent of the loss, if there was a loss?

Mr. GIOE. That is right.

The CHAIRMAN. May I ask one or two questions? I see here in this book the license of your construction company is Frank B. Pantaleo and Charles J-o-y-e. Is that your name? How do you pronounce your name, or spell your name?

Mr. GIOE. In 1934 I went to court and changed it from G-i-o-e to J-o-y-e.

The CHAIRMAN. What did you do that for?

Mr. GIOE. Because of the difficulty of the spelling and pronouncing the name.

The CHAIRMAN. So, in the beginning it was G-i-o-e?

Mr. GIOE. No, G-i-o-e was my family name, but I changed it to J-o-y-e.

The CHAIRMAN. What kind of name is that? J-o-y-e?

Mr. GIOE. I don't follow you, sir.

The CHAIRMAN. I mean, are you Italian?

Mr. GIOE. Yes, sir.

The CHAIRMAN. So, in 1934, you changed your name to J-o-y-e?

Mr. GIOE. Yes, sir.

The CHAIRMAN. Now, in 1930, did you know Jack McGurn?

Mr. GIOE. Yes; I would know him around that time.

Mr. ROBINSON. What did he do?

The CHAIRMAN. Was he called "Machine-Gun Jack McGurn?"

Mr. GIOE. Yes.

The CHAIRMAN. How did you happen to know him?

Mr. GIOE. Well, he was around with Tony Accardo.

The CHAIRMAN. And about that time do you remember when there was a massacre down at Fox Lake, Ill.?

Mr. GIOE. Fox Lake, Ill.?

The CHAIRMAN. Yes, in which three fellows were killed.

Mr. GIOE. I don't know anything about it, Senator.

The CHAIRMAN. Were you not arrested with Machine-Gun Jack McGurn about 1930 in an automobile at Twenty-second and Loomis Street?

Mr. GIOE. I was arrested with him once.

The CHAIRMAN. Well, where were you arrested?

Mr. GIOE. I was just trying to think. I don't know if it was Twenty-second and Loomis.

The CHAIRMAN. Well, you were arrested with him; weren't you?

Mr. GIOE. Yes, sir.

The CHAIRMAN. What were you doing with him then?

Mr. GIOE. Just riding with him.

The CHAIRMAN. Was he a good friend of yours?

Mr. GIOE. No; not particularly at the time. I just got to know the fellow.

The CHAIRMAN. You were both armed at that time; were you not?

Mr. GIOE. When I was with Jack McGurn? No, sir.

The CHAIRMAN. Was he not a rather notorious killer?

Mr. GIOE. Well, I don't know if he was a killer, but I didn't know—

The CHAIRMAN. Pretty rough fellow; was he not?

Mr. GIOE. He was an ex-boxer. That is all I know about him.

The CHAIRMAN. Is he still living?

Mr. GIOE. No, sir.

The CHAIRMAN. And about the next year you and Tony Accardo got arrested together; did you not?

Mr. GIOE. Yes, sir; the next year or sometime we got arrested. I don't know the year.

The CHAIRMAN. Carrying concealed weapons?

Mr. GIOE. They charged us with carrying concealed weapons.

The CHAIRMAN. What were you carrying concealed weapons for?

Mr. GIOE. I wasn't carrying a concealed weapon.

The CHAIRMAN. Was Joe Batters with you at that time?

Mr. GIOE. That is Tony Accardo.

The CHAIRMAN. Oh, yes; that is Tony Accardo.

Now, you said you were in jail the second time. Did you get back in jail after you got out on parole?

Mr. GIOE. Yes, sir.

The CHAIRMAN. Where?

Mr. GIOE. I was picked up at 5 o'clock in the morning at home and taken to the penitentiary.

The CHAIRMAN. How long did you stay in, the second time?

Mr. GIOE. Six months.

The CHAIRMAN. Was that for violating your parole?

Mr. GIOE. Yes, sir.

The CHAIRMAN. What did you do to violate it?

Mr. GIOE. Nothing.

The CHAIRMAN. Who said you violated it?

Mr. GIOE. The parole board.

The CHAIRMAN. What did they charge you with?

Mr. GIOE. Changing jobs without permission.

The CHAIRMAN. Had you done that?

Mr. GIOE. No, sir.

The CHAIRMAN. You said a minute ago that you were in the liquor business with DeLucia or Ricca, or that you knew he was in the liquor business.

Mr. GIOE. No; at the time he had this restaurant, this Blue Grotto down on Wabash Avenue.

The CHAIRMAN. On what avenue?

Mr. GIOE. Wabash Avenue.

The CHAIRMAN. Was that a liquor place, a speakeasy?

Mr. GIOE. No; it was a restaurant. And, of course, they sold wine, beer, and liquor in them days. In fact, he had a couple of restaurants. I think he had one on Market Drive at one time.

The CHAIRMAN. Was that the Mr. DeLucia who has been here today?

Mr. GIOE. Yes, sir.

The CHAIRMAN. And what liquor business was he in?

Mr. GIOE. I don't know.

The CHAIRMAN. Well, was he in the liquor business?

Mr. GIOE. No, but he had this Ralph with him, I believe. They made this champagne, this synthetic champagne.

The CHAIRMAN. They made synthetic champagne? Ralph who?

Mr. GIOE. I can't think of his last name.

The CHAIRMAN. Where did they make it?

Mr. GIOE. I don't know.

The CHAIRMAN. How do you know they made it?

Mr. GIOE. They claimed they made it, or bought it from somebody. I couldn't tell you. But I bought it from this Ralph.

The CHAIRMAN. And he was in business with DeLucia?

Mr. GIOE. That is right. He had the restaurant with him.

The CHAIRMAN. What years was that? During the thirties?

Mr. GIOE. Yes, sir.

The CHAIRMAN. Or was that before prohibition?

Mr. GIOE. Well, it's got to be before prohibition, Senator. I mean, before repeal ended prohibition.

The CHAIRMAN. You knew that this Ralph and DeLucia were partners in that business—didn't you—in that champagne business?

Mr. GIOE. They had this restaurant. I gathered that they were.

The CHAIRMAN. You operated in Kansas City—did you not—at one time?

Mr. GIOE. No, sir.

The CHAIRMAN. Never came out to Kansas City?

Mr. GIOE. I have been in Kansas City.

The CHAIRMAN. What did you go there for?

Mr. GIOE. I was in Kansas City, there, for a couple of weeks.

The CHAIRMAN. What was that for?

Mr. GIOE. At that time I was—

The CHAIRMAN. You remember when you were in Kansas City. When was it?

Mr. GIOE. I was just trying to think if it was 1936 or 1937.

The CHAIRMAN. All right. What were you doing there?

Mr. GIOE. Well, I tried to get some business, some telephone business, for the Russell office.

The CHAIRMAN. Did you get run out of town?

Mr. GIOE. Out of Kansas City?

The CHAIRMAN. Yes.

Mr. GIOE. Not that I know of; no, sir.

The CHAIRMAN. Who did you see in Kansas City?

Mr. GIOE. It was Gus Spozzateri. He had a restaurant.

The CHAIRMAN. He had a restaurant?

Mr. GIOE. Yes.

The CHAIRMAN. And did you do some business for Russell?

Mr. GIOE. We got some business for his office. At that time there was Spozzateri and Tony Gizzo and Charlie Carollo.

The CHAIRMAN. Did Tony Gizzo give you some business?

Mr. GIOE. Through that office.

The CHAIRMAN. What office?

Mr. GIOE. Spozzateri and Gizzo and Charlie Carollo had an office in which they took the horses or took bets with different people. For instance, if they had too much on a horse, they would call us up, and we would take some.

The CHAIRMAN. They had the news service down there, did they not?

Mr. GIOE. In 1936?

The CHAIRMAN. Well, whenever it was that you were down there.

Mr. GIOE. No, sir, I don't think so.

The CHAIRMAN. They had a horse parlor, though?

Mr. GIOE. I believe so. Yes.

The CHAIRMAN. And so you got their business, their lay-off business, for you and the Russell boys?

Mr. GIOE. Right, I got some of it.

The CHAIRMAN. Who else did you get business from in Kansas City?

Mr. GIOE. That was all. Well, through him I imagine later on we might have developed some more, but I couldn't say offhand just how much business we got out of him.

The CHAIRMAN. Who else did you do business with down there?

Mr. GIOE. In Kansas City?

The CHAIRMAN. Yes.

Mr. GIOE. I really don't know, Senator, if we did any business with anybody else down there.

The CHAIRMAN. Now, who is this Mr. Dillon that helped to arrange to get you a parole?

Mr. GIOE. I never met the man.

The CHAIRMAN. You knew of him, did you not?

Mr. GIOE. Just what I read in the paper.

The CHAIRMAN. From St. Louis? Did you know somebody got you a parole?

Mr. GIOE. No, sir.

The CHAIRMAN. Did you pay somebody to get you one?

Mr. GIOE. No, sir.

The CHAIRMAN. You did not know anything about Mr. Dillon?

Mr. GIOE. No, sir.

The CHAIRMAN. Did you have a connection with this Retail Clerks International Protective Association?

Mr. GIOE. No, sir.

The CHAIRMAN. Did you ever have any connection with any union activities?

Mr. GIOE. No, sir.

The CHAIRMAN. Were you ever a member of the union?

Mr. GIOE. No, sir.

The CHAIRMAN. How about the Bartenders Union?

Mr. GIOE. No, sir.

The CHAIRMAN. How large a hotel is this Seneca Hotel, by the way?

Mr. GIOE. It is 16 stories. I don't know how many units they have. I imagine they have four-hundred-some-odd units.

The CHAIRMAN. And at the Seneca Hotel you said Mr. Greenberg was one of your people that visited you?

Mr. GIOE. Yes.

The CHAIRMAN. And you mentioned another lawyer, Korshak, Sidney Korshak?

Mr. GIOE. Yes.

The CHAIRMAN. Did you see him frequently? Did he visit with you?

Mr. GIOE. Not too frequently.

The CHAIRMAN. Is he a lawyer in Chicago?

Mr. GIOE. Yes, sir.

The CHAIRMAN. Does he represent you in legal matters?

Mr. GIOE. No, sir.

The CHAIRMAN. Well, does he visit with all these people you have been talking about, like Tony Accardo and Greenberg and these other people?

Mr. GIOE. Well, I don't know who he visits with, but I have known Sidney a long time, just as friends.

The CHAIRMAN. How long have you known him?

Mr. GIOE. I would say I knew Sidney maybe 16 or 17 years.

The CHAIRMAN. You were not in school with him, were you?

Mr. GIOE. No, sir.

The CHAIRMAN. How did you get to know him?

Mr. GIOE. Through some fellows on the West Side when he just opened his office. He had just finished school and opened an office, I believe, about that time.

The CHAIRMAN. What fellows?

Mr. GIOE. Oh, some kids he knew around there that I just happened to know. It was just a casual acquaintance at the time when I met him, just as a lawyer. That is all. I think he handled a deal for them in regard to a cafe or something. That was the first time I met him.

The CHAIRMAN. How about this State Senator Brady? Do you know him?

Mr. GIOE. No, sir.

The CHAIRMAN. Who did you do business with in St. Louis?

Mr. GIOE. I have never been to St. Louis more than just to pass through. I never knew anybody there.

The CHAIRMAN. Do you know Tom Whelan in St. Louis?

Mr. GIOE. No, sir.

The CHAIRMAN. Do you know Mr. Molasky down there?

Mr. GIOE. No, sir.

The CHAIRMAN. Bill Brown, Mr. Brown in the Wire Service?

Mr. GIOE. No, sir.

The CHAIRMAN. Who was your contact in St. Louis?

Mr. GIOE. I had no contact in St. Louis. I think Russell was originally from St. Louis. He done business with the people in St. Louis. There were different officers. There was an officer by the name of Cooper, I believe, and something else, at the time.

Mr. ROBINSON. Do you know of the American Distillery Co.?

Mr. GIOE. Yes, sir.

Mr. ROBINSON. Have you done business with them?

Mr. GIOE. No, sir.

Mr. ROBINSON. How did you get acquainted with that company?

Mr. GIOE. Through Jack Steele.

Mr. ROBINSON. Who?

Mr. GIOE. Jack Steele.

Mr. ROBINSON. Who is he?

Mr. GIOE. Jack Steele, who handled the American Distilling Co. products.

Mr. ROBINSON. And did you work with Steele?

Mr. GIOE. No, sir.

Mr. ROBINSON. Do you know the Rothbergs?

Mr. GIOE. Of American Distilling?

Mr. ROBINSON. Yes.

Mr. GIOE. One Rothberg.

Mr. ROBINSON. Which one is that?

Mr. GIOE. I believe it is Sam Rothberg.

Mr. ROBINSON. How long have you known him?

Mr. GIOE. I have probably met him two or three times.

Mr. ROBINSON. And do you know the Rose that is connected with the Rothbergs?

Mr. GIOE. I don't; no, sir.

Mr. ROBINSON. Did you know Bugsy Siegel?

Mr. GIOE. No, sir.

Mr. ROBINSON. Who handles the business for American Distilleries in Chicago?

Mr. GIOE. Right now?

Mr. ROBINSON. Yes.

Mr. GIOE. I understood Jack Steele gave it up, and Eddie King, who is counsel for the American Distillery in New York, Marshall Korshak, Sidney Korshak's brother—I don't know whether Sidney is interested—and one of the other Korshaks—

Mr. ROBINSON. Who is Marshall Korshak?

Mr. GIOE. Marshall Korshak is an attorney.

Mr. ROBINSON. He is not in partnership with Sidney?

Mr. GIOE. No; he is an attorney, but I think he has something to do with the whisky company in Chicago.

Mr. ROBINSON. And who is Eddie King?

Mr. GIOE. Eddie King is the counsel for American Distilling. And he used to be a lawyer around Chicago.

Mr. ROBINSON. He used to be in partnership with Sidney Korshak, did he not?

Mr. GIOE. I don't know whether he was a partner. They might have been in the same law office. I don't know whether they were partners.

Mr. ROBINSON. Do you know James Curry?

Mr. GIOE. No, sir.

Mr. ROBINSON. Never heard of him?

Mr. GIOE. James Curry? No, sir.

Mr. ROBINSON. Do you know Conto?

Mr. GIOE. No.

Mr. ROBINSON. Do you know Joe Fusco, of the Gold Seal?

Mr. GIOE. I know of him.

Mr. ROBINSON. Have you done any business with him?

Mr. GIOE. No, sir.

Mr. ROBINSON. Do you know Joe Peskin?

Mr. GIOE. No, sir.

Mr. ROBINSON. Never heard of him?

Mr. GIOE. No, sir.

Mr. ROBINSON. Sugar Joe Peskin?

Mr. GIOE. No, sir.

Mr. ROBINSON. It is a fact that you have known Greenberg pretty intimately; isn't that right?

Mr. GIOE. Yes. I mean intimately, that I just had that deal with him.

Mr. ROBINSON. And you know this, too: that he was fairly intimate with Al Capone?

Mr. GIOE. Well, I wouldn't know that.

Mr. ROBINSON. Didn't he take over Capone's Manhattan Brewery?

Mr. GIOE. I don't know.

Mr. ROBINSON. You know the Canadian-Ace Brewery?

Mr. GIOE. Right. But I don't know any of the background.

Mr. ROBINSON. You don't have any interest in Canadian-Ace?

Mr. GIOE. No, sir.

Mr. ROBINSON. Now, in this business with Russell and Pierce, I don't know whether I mentioned it, but did you have some contact, or a person with whom you did business, in New Orleans?

Mr. GIOE. I don't believe so.

Mr. ROBINSON. You didn't have anyone there that you did business with?

Mr. GIOE. No. They might have done some business, but I never knew anyone down there that they did business with.

Mr. ROBINSON. How about Philadelphia?

Mr. GIOE. None.

Mr. ROBINSON. You never did any business with Herman Taylor in Philadelphia?

Mr. GIOE. No, sir.

Mr. ROBINSON. You never heard of that name?

Mr. GIOE. He is a fight promoter.

Mr. ROBINSON. Yes.

Mr. GIOE. I have heard of the name.

Mr. ROBINSON. But you did not do business with him?

Mr. GIOE. No, sir.

Mr. ROBINSON. How did you happen to meet him?

Mr. GIOE. I didn't meet him. You asked me if I heard of him. I know Taylor is a fight promoter.

Mr. ROBINSON. You never visited with him or never met him?

Mr. GIOE. No, sir.

Mr. ROBINSON. How about in Washington, here?

Mr. GIOE. This is the first time I have been here.

Mr. ROBINSON. No, did you do any business, while you were in this partnership, with anyone in Washington?

Mr. GIOE. I don't think so.

Mr. ROBINSON. Did you do any business with anyone by the name of Beard?

Mr. GIOE. No, sir.

Mr. ROBINSON. You never heard of him?

Mr. GIOE. No, sir.

Mr. ROBINSON. You said you did know Eddie Vogel?

Mr. GIOE. I know of him.

Mr. ROBINSON. You know what business he is in?

Mr. GIOE. I understand he is in the slot-machine business.

Mr. ROBINSON. You never had any interest in that business at all?

Mr. GIOE. No, sir.

Mr. ROBINSON. Did you know Steve Schiavone?

Mr. GIOE. No, sir.

Mr. ROBINSON. Never heard of him?

Mr. GIOE. I didn't know him.

Mr. ROBINSON. Have you heard of him?

Mr. GIOE. Steve Schiavone?

Mr. ROBINSON. No, S-c-h-i-a-v-o-n-e.

Mr. GIOE. No; I wouldn't him.

Mr. ROBINSON. Or Mecessa? Anyone by the name of Mecessa?

Mr. GIOE. No, sir.

Mr. ROBINSON. Was your source of liquor from the Capone business?

Mr. GIOE. No, sir.

Mr. ROBINSON. During the days that you were running it in Wisconsin into Iowa?

Mr. GIOE. No, there was no such thing as dealing with them. There was any number of people that you could have gone to that nobody even knew, that handled it, around Wisconsin, you know.

Mr. ROBINSON. You never handled any of that type of business in Chicago?

Mr. GIOE. Very little. Very little.

Mr. ROBINSON. And the only amount that you handled was this amount that you got from Ricca's place?

Mr. GIOE. That wasn't no liquor. They had this synthetic wine at that time. I understand this Ralph did. That was about all.

Mr. ROBINSON. You never bought any alcohol from them?

Mr. GIOE. No.

Mr. ROBINSON. Did you retain any one to endeavor to get a parole for you at any time?

Mr. GIOE. No, sir.

Mr. ROBINSON. Do you know who made the arrangement?

Mr. GIOE. I know nothing about it.

Mr. ROBINSON. All you know is that you were paroled. Right?

Mr. GIOE. Right. I applied in the proper manner and was paroled. I had 54 months of good conduct in there. It was the first time that I had ever been in trouble. And I had the recommendation of the Attorney General and a letter from the judge. It was a recommendation that I be given parole. I never saw 10 cents out of it, and never had anything to do with it.

Mr. ROBINSON. Did you state what the name of your accountant was?

Mr. GIOE. Shafer, at that time.

Mr. ROBINSON. That is right. Did Bernstein ever handle any of your work?

Mr. GIOE. No, sir.

The CHAIRMAN. One question. I notice here that your partner seems to draw \$150 a week out of this business.

Mr. GIOE. Yes, sir.

The CHAIRMAN. But you do not draw anything out of it?

Mr. GIOE. No, sir. Well, as I stated, he is the working partner, and he is working on the job. So he hasn't any means of livelihood, and I am trying to build up a bank roll so that we have something to operate with.

Mr. CHAIRMAN. So that you are leaving your money in?

Mr. GIOE. It is accruing.

The CHAIRMAN. And your wife is paying the expenses of living?

Mr. GIOE. Yes.

The CHAIRMAN. I do not think that we particularly need this book.

Mr. GIOE. I will be very happy if you will give it to me back. That is the working ledger.

Mr. ROBINSON. Is this the book that you have to produce to the parole officer periodically?

Mr. GIOE. Yes, sir.

The CHAIRMAN. Whatever this ledger is marked as an exhibit, we will let the record show that this is a black ledger book which is now being returned to the witness.

Anything else, Mr. Robinson?

Mr. ROBINSON. No, Mr. Chairman. I guess not.

The CHAIRMAN. All right, Mr. Gioe. You will remain subject to subpoena without our having to serve another subpoena on you. When you are notified to appear, the subpoena that has been served on you is still valid without the service of another one.

Mr. GIOE. Yes, sir.

The CHAIRMAN. And these additional books and records Mr. Robinson will communicate with you about, and you will abide by his order. That is all, and you are free to go back to Chicago.

Mr. GIOE. Thank you, sir.

There was an article about me that I defied a committee. I never defied any committee.

The CHAIRMAN. How did that get into the paper?

Mr. GIOE. I don't know. I went to the marshal's office and picked up the subpoena, and that is all that was said. So the newspaperman asked me if I got my subpoena from the Kefauver committee. I said, "Yes, I went up to the marshal's office and took it." The next thing I knew there was a headline that I had defied the committee.

The CHAIRMAN. The committee will be adjourned.

(Whereupon, at 4:22 p. m., the committee adjourned, subject to the call of the Chair.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

THURSDAY, OCTOBER 5, 1950

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED
CRIME IN INTERSTATE COMMERCE,
Chicago, Ill.

EXECUTIVE SESSION

The committee met, pursuant to call, at 10:45 a. m., in room 267 United States Court House (Old Post Office Building), Chicago, Ill., Senator Estes Kefauver (chairman), presiding.

Present: Senators Kefauver and Owen Brewster.

Also present: Rudolph Halley, chief counsel; George S. Robinson, associate counsel; George H. White, Patrick H. Kiley, William C. Garrett, and W. D. Amis, investigators; and Julius Cahn, administrative assistant to Senator Wiley.

Elmer Oltman, Intelligence Unit, Bureau of Internal Revenue, Kansas City Division; and N. F. Ortwerth, Internal Revenue Agent, St. Louis Division.

Daniel P. Sullivan, operating director, Crime Commission of Greater Miami; and Walter J. Devereux, chief investigator, Chicago Crime Commission, and consultant to the committee.

August S. Brown, special agent, Treasury Intelligence, Chicago, Ill.

The CHAIRMAN. The committee will come to order.

Gentlemen, we have a rule of our committee that we swear everybody who is going to testify. You do solemnly swear the testimony you will give before the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

The Honorable MARTIN H. KENNELLY, (mayor, city of Chicago). I do.

JOHN C. PRENDERGAST (commissioner of police, city of Chicago). I do.

IVAN A. ELLIOTT (attorney general, State of Illinois). I do.

ROBERT C. EARDLEY (first assistant attorney general, State of Illinois). I do.

OTTO KERNER, JR., (United States attorney, northern district of Illinois). I do.

JOHN S. BOYLE (State's attorney, Cook County, Ill.). I do.

ELMER MICHAEL WALSH (sheriff, Cook County, Ill.). I do.

TESTIMONY OF HON. MARTIN H. KENNELLY, MAYOR, CITY OF CHICAGO, ILL., ACCOMPANIED BY POLICE COMMISSIONER JOHN C. PRENDERGAST, CHICAGO, ILL.; ATTORNEY GENERAL IVAN A. ELLIOTT, ILLINOIS; FIRST ASSISTANT ATTORNEY GENERAL ROBERT C. EARDLEY, ILLINOIS; OTTO KERNER, JR., UNITED STATES ATTORNEY, NORTHERN DISTRICT OF ILLINOIS; JOHN S. BOYLE, STATE'S ATTORNEY, COOK COUNTY, ILL.; ELMER MICHAEL WALSH, SHERIFF, COOK COUNTY, ILL.; AND WALTER J. DEVEREUX, CHICAGO CRIME COMMISSION

The CHAIRMAN. Mayor Kennelly, we appreciate your coming today to meet with us. Do you have a general statement?

Mayor KENNELLY. I prepared one, Mr. Chairman. If you don't mind, I will read it.

The CHAIRMAN. Yes, sir; that will be very convenient.

Mayor KENNELLY. Mr. Chairman, Senator Brewster, and your staff, I welcome you gentlemen of the Senate committee and your staff to Chicago. I assure you of the sincere and wholehearted cooperation of the city administration in the investigative work you are doing.

All agencies of government must work together in law enforcement, the Federal Government, the city government and the State's attorney—and I can assure you that you will receive every support from State's Attorney Boyle.

It is fundamental in government, that there shall be no alliance between law breakers, law makers and law-enforcement agencies. Any such alliance is a challenge to the very stability of government itself.

I was elected mayor of Chicago 3½ years ago and since that time, day in and day out, night in and night out, we have been working to make Chicago a better city in which to live; to create confidence of the people in government and to build up the reputation of Chicago, at home and abroad.

Chicago is my town. So I am sure you will appreciate my feeling regarding its good name.

We do have our share of crime in the city of Chicago, including gambling.

I was shocked, as everyone was last week, by the murder of two of our citizens. The entire investigative force of the city and the county are working to solve these crimes. They must be solved and the perpetrators brought to justice. If your committee, the FBI, or any other agency can help us we will welcome such assistance.

What we have been trying to do is to enforce all laws—to create general respect for law and order in Chicago.

Every ordinance on the books is being more strictly enforced, whether it involves gambling, driving while intoxicated, peddling narcotics, health inspection, regulation of taverns, building inspection, selling liquor to minors—just to name a few examples of our law-enforcement program.

Early in my administration, in order to accomplish the best results we called in experts to make a study of the police department, to see where it was weak and where improvements could be made. As a result of these studies we brought about a complete realignment of the top command. Civil service and the merit system were strengthened. The detective bureau was reorganized. The records system was com-

pletely revamped to conform with FBI standards. The traffic division was completely overhauled, resulting in the saving of hundreds of lives. A department of race relations was inaugurated. The crime laboratory was strengthened. A new department of crime prevention was established. We strengthened the juvenile educational program.

We organized schools for all members of the police department, not only recruits and patrolmen, but sergeants, lieutenants and captains. Everyone, men and officers alike, were included in the instruction courses in up-to-date police work.

I am proud of the progress we have made in improving the police department. Under the merit system as administered by our civil service commission, I look for this improvement to continue.

Official statistics show Chicago's crime position as compared with other large cities. According to analysis of the latest FBI figures of cities of more than 100,000 population, based on census reports at that time, Chicago ranks twenty-seventh in murders; twenty-fourth in aggravated assaults; fifty-eighth in burglaries; forty-third in grand larceny; eighty-first in petty larceny; and sixty-eighth in auto thefts.

In considering violations of the law, I always try to remember that there are different standards of conduct. There is the citizen, for instance, who bribes a public official or a policeman. And then you have the individual who accepts the bribe.

There is the gambler who profits from illegal operations—and the official who permits these illegal operations.

There is also the ordinary citizen who just bets. Without him you wouldn't have any gambling business.

Then we have those who encourage this betting with a continuous sales campaign.

So let's figure out in what category each of us as a citizen belongs.

Public support is essential in any program of law enforcement.

I have repeatedly stated, before and after my election, that I am opposed to organized gambling in the city of Chicago, and we have done something about it.

The reduction in organized gambling today has been stated to be as high as 75 percent.

Two years after my election the Chicago Crime Commission reported, "syndicated crime is at the lowest ebb in Chicago than has been true for many years."

Since that time, with the increased efficiency of the police department this situation has been further improved.

There is no longer an open and flagrant disrespect for the law in Chicago.

It is obvious that the prevention of murder and other crimes is difficult. The records of the detective bureau show that during the first 9 months of this year ending October 1, 88.1 percent of the murders in Chicago have been solved. It is also obvious that more policemen, better trained policemen—and better paid policemen—will have the effect of tightening up law enforcement and serve to prevent crime before it is committed.

We welcome the help of this committee.

We pledge you our complete cooperation in this investigation. And in return we ask that your committee make available to us and the citizens of Chicago all the facts that you may develop from your investigation, which affect our city.

I have run my administration on the principle that the people are entitled to all of the facts.

If your investigation uncovers any tie-up between crime and politics in Chicago I want to know about it, and the people are entitled to the facts.

Too long have the same names and generalities been bandied about. If the facts are there—let's get them.

With all of us working together we can strike a telling blow for good government.

I thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mayor Kennelly.

Mr. HALLEY. Mr. Mayor, some time ago we had an informal discussion and you stated some facts which I think would be of great interest to the committee on the decrease in crime in Chicago, steps which you had ordered to be taken and steps which Commissioner Prendergast took in order to effect that decrease. Would you want to elaborate on that and give the details?

Mayor KENNELLY. Of course, the only instructions I can give as mayor is to see that all laws are enforced. We don't make any differentiation. We don't differentiate between one ordinance or one law or another. I think we have talked too long about gambling and letting everything else go. We have a drive on gambling and find that every other law in the city was being violated. What we have done in Chicago is to enforce every law, whether it be gambling or not. My orders to the commissioner of police are to see that there is no gambling in Chicago. He works on that every day. He gets complaints from citizens, from crime commissions, from his men in the field, and it is his obligation to close up the gambling operations. I think it is well known in Chicago that you can't go in off the street now and place a bet anywhere in Chicago. I am not saying that there is not gambling in Chicago. People some time like to bet. We haven't changed their habits. But there is no open, organized gambling that we can find in Chicago.

Mr. HALLEY. Mr. Mayor, as you say, a number of generalities have been bandied about. One of them which has been made rather specifically is that certain members of the Chicago police force have grown wealthy in office. As you know, the committee in its investigations in other places did find one or two law-enforcement officers in certain communities who had become very wealthy in office. I wonder if you have checked that and whether anything has been done with reference to investigating the particular men who are supposed to have acquired the manifestations, at least, of wealth.

Mayor KENNELLY. There wouldn't be any way for us to check whether they are wealthy or not.

Mr. HALLEY. For instance, would your police department have the authority to call in and question men in the law enforcement department who have the outward manifestations of wealth?

Mayor KENNELLY. If that wealth was acquired before he came into office, I wouldn't think it would be my obligation to investigate it.

Mr. HALLEY. Suppose it were acquired while they were on the police force?

Mayor KENNELLY. How would we go about questioning police officials as to their wealth? Just ask him the question?

Mr. HALLEY. Just bluntly put it to him: "How do you on a policeman's salary now have, say, a ranch in the Southwest, an expensive automobile, a fine house, and so forth. How much money have you in the bank?"

Has anything like that been done and do you have authority to do anything like that?

Mayor KENNELLY. I question that. I wouldn't know without asking the State's attorney whether we have that kind of authority.

Mr. HALLEY. Do you know whether there is that authority, Mr. Boyle?

Mr. BOYLE. I don't know whether the man could refuse to answer or not. If he did refuse to answer, what crime would he commit? That is the answer. Would he be subject to dismissal from the Chicago Police Department or not? I don't know. I don't know enough about civil service rules and regulations.

Mr. HALLEY. At this stage of the inquiry, at this point with nothing on the record but your statement, I prefer not to pursue that subject, except to say generally that the committee has certain income tax information in its possession which indicates that certain members of the police force and certain law-enforcement officers have wealth. Of course they may have acquired it through very intelligent investments. We just don't know yet.

Mayor KENNELLY. Will you make that information available to me?

Mr. HALLEY. Certainly.

Mayor KENNELLY. Will it be made public?

Mr. HALLEY. That will be at the committee's discretion.

Mayor KENNELLY. I think it should be. I think if there is anybody on the police department or in government who can't account for their income, who can't show that it has been properly acquired, he should not be connected with the police department or with government.

Mr. HALLEY. Would you state to the committee, Mr. Mayor, whether in all the time you have been in office anybody not holding official position has attempted to influence you in the placement of police officers in any particular district, or in their removal? That again has been bandied about and that is why I ask the question.

Mayor KENNELLY. One of my first instructions to the commissioner of police when I became mayor was that I was the only one to give him instructions, that he was not to take instructions from anybody outside of my office, that no politician should give him instructions, and that no one could control the placing of captains or any other officials in the police department. I believe he has followed out these instructions.

Mr. HALLEY. Is it your feeling that at this time, with of course the minimum of exceptions that are beyond control, the police force of Chicago is honest and the individual members are doing an honest job of law enforcement?

Mayor KENNELLY. I believe so. I think so. I think we have a good police department. I never go back prior to my administration because everybody has his own problems. I certainly would not be critical of what happened 20 or 25 years ago in Chicago. Policemen are of course human beings. I pointed out a few days ago to a friend of mine that I was talking to about police work that everyone who is

arrested in Chicago or any other city immediately tries to get out of it, whether he be a supposedly good citizen, whether he be a lawyer, or a politician. He immediately tries to figure out how he can beat it, as they say. He is not adverse to using any method he can use to attain his objective of not going to jail. I have in mind a man whose relatives were arrested for driving while intoxicated. This man said to me, "I will do anything to keep them from going to jail." That is what the policeman is up against. That is what law enforcement agencies are up against. The citizens themselves bribe or attempt to bribe them. All that we have been able to do in Chicago, as I see it, is first to let them know that as far as this administration is concerned we are trying to run an honest administration. We don't stand for any fixing. We don't stand for any politics in the police department. I have had people come to me in politics, surely. I am in politics. I am a politician. Some say I am a poor one, but I am a politician. One man said, "I would like to have a certain captain sent to my district." I said, "Can you vouch for him? Is he a good police officer? Does he know how to prevent crime in his district? Does he know how to prosecute crime when he gets it?"

He said, "I want a man put in the district."

Mr. HALLEY. Will you give the committee the names?

Mayor KENNELLY. No; because he didn't accomplish his purpose.

Mr. HALLEY. I think the committee would have a great interest in knowing who would want to accomplish that.

Mayor KENNELLY. No; I wouldn't give you that.

Mr. HALLEY. Don't you think it would help us—

Mayor KENNELLY. No, not in this particular instance.

Mr. HALLEY. In arriving at our conclusions?

Mayor KENNELLY. This fellow really happens to be a pretty good fellow. I wouldn't put him in the category of one who was trying to fix anything. That is the feeling. That has been the feeling, that the police department should be controlled by men in politics.

Mr. HALLEY. Isn't that a big part of our problem, that we don't want to hurt the innocent, we certainly don't want to ruin reputations or do anything that would be irresponsible? At the same time in an effort to be fair and in effect to be good fellows, too, sometimes some of us are used, and perhaps by talking to this man we might find out how this came about. Maybe somebody was trying to use him.

Mayor KENNELLY. No; this fellow didn't. I don't think he knew what he was asking. I don't remember his name, as a matter of fact. No; I don't remember the name of the captain. This was when I came into office 31½ years ago.

Mr. HALLEY. Mr. Mayor, one of the things we discussed and on which I must say I thought your position was quite reasonable at the time we had our informal discussion was the fact that obviously a city like Chicago, which welcomes large numbers of visitors, must offer some types of entertainment and that obviously there must be a limit to the amount of strict clamping down on all minor violations of the law involved in the entertainment field. Am I right there?

Mayor KENNELLY. I never knew of that policy myself. I don't believe any law should be violated just because conventions come to town. The laws on the books ought to be enforced, regardless of whether it is for out-of-town people or those at home.

Mr. HALLEY. That would be your view?

Mayor KENNELLY. That would be my view.

Mr. HALLEY. We have had little opportunity, having just opened these hearings here today, to check what may be just general statements, but a number of statements have been made to the committee that certain areas of the city do operate on a more or less open basis not involving any bookmaking or serious offenses, but that liquor is sold illegally, that various types of operations to take money away from visitors are used, in short to clip them. I was wondering if that had come to your attention and if it is so or not. Do you know?

Mayor KENNELLY. Whether there are clip joints?

Mr. HALLEY. Whether there are clip joints, whether there are people cheating visitors, whether there is liquor being sold in violation of the law.

Mayor KENNELLY. I never heard of liquor being sold in violation of the law. There have been some statements made to me and to the press that some of these visitors are clipped, as you call it. We don't stand for that. As soon as it comes to our attention, instructions are given to the commissioner of police to clear up the situation, to revoke licenses, if necessary.

Mr. HALLEY. At the present time are there any parts of the city in which dance halls operate with minor infractions of the law in order to please the visitors?

Mayor KENNELLY. I wouldn't know about that. I never heard of a dance hall complaint since I have been mayor.

Mr. HALLEY. Or saloons or cabarets?

Mayor KENNELLY. We have 10,000-some-hundred taverns in Chicago. We revoke their licenses if we have a complaint about them in our office.

Mr. HALLEY. By and large, then, would you say that the general supervision of the taverns and the entertainment facilities is strict?

Mayor KENNELLY. I hope it is.

Mr. HALLEY. And your instructions to the police force are to keep them strict, is that right?

Mayor KENNELLY. They all know when it gets into my office that is the end of the license.

Mr. HALLEY. You haven't had any complaints?

Mayor KENNELLY. No. You mean complaints from citizens.

Mr. HALLEY. Yes.

Mayor KENNELLY. Occasionally I get letters. I probably get a couple of letters a week, anonymous, saying a place is running gambling on the side. I turn it over to the police department even though it is anonymous and investigate it. We investigate every complaint and try to do something about it.

We investigate every complaint and try to do something about it.

Mr. HALLEY. And you are satisfied that there is no widespread area of violation, even minor violation, of law?

Mayor KENNELLY. I wouldn't go that far. I think you have to take into consideration the human elements involved.

Mr. HALLEY. That is what I had in mind, particularly in the entertainment field.

Mayor KENNELLY. I am sure there is always room for improvement. We are not holding ourselves out as a holier-than-thou city or people.

We are trying to better the conditions here. That is about all anyone in government can hope to do.

Mr. HALLEY. To the extent that there is room for improvement, would you say that that room for improvement is within the area of this committee, that is, having to do with organized crime and having to do with interstate relationships? Or is it just on a purely local and petty level?

Mayor KENNELLY. Of course I can't tell. These names that you read in the paper, I have been reading them for a good many years, the same names, the same charges. As I said in my statement to the committee, we ought to try to get the facts and see whether they have these connections. We ought to find out about this captain who has wealth and can't account for it, where he got it. I am for that.

Mr. HALLEY. In fairness he hasn't yet been asked to account for it, and there is more than one, I might also say.

Mayor KENNELLY. Whoever they are, they haven't any place in my administration. We don't want them around if they are taking money from outside sources, no matter who they are.

Mr. HALLEY. But those rumors had not come to your attention?

Mayor KENNELLY. I read things in the paper. I follow it very carefully. I think you will find and your investigators will find there is less politics in the police department than in its history—and this is off the record because we are not bragging about it. I think there is less politics in the police department than at any time in its history. There is no one who can say that they can come to the mayor's office and get anything fixed in the police department, no one. That is the source of control of the police department.

Mr. HALLEY. Would that be true in the police enforcement at the local level, for instance the captain in the precinct?

Mayor KENNELLY. These captains, some of them have been there for years. In order to remove them, you have to prefer charges, you have to have the facts. You can't just go and say we don't like you and think you are no good and we have to eliminate you from the police department.

Mr. HALLEY. Has there been any policy in Chicago of making changes in personnel by shifting people to different jobs without any particular criticism of them but simply to keep them on their toes?

Mayor KENNELLY. That is a policy that has been debated among the police officials. When I first came in we had a police commissioner and no assistants. The captains in the districts ran their districts. Of course, I am new to this business of police work and don't know too much about it and I don't pose as an expert now. I felt sure that it was not the right way that it should be run. Ten thousand five hundred taverns in themselves are a problem. So we brought an expert adviser into the police department. We put him on the staff and it took him 6 or 8 months or a year to see what we could do to strengthen the police department.

Mr. HALLEY. Who did you bring in?

Mayor KENNELLY. Col. Franklin Kremel.

Mr. HALLEY. For the record, would you state what his prior experiences had been?

Mayor KENNELLY. He is connected with Northwestern University in charge of the traffic school up there. What his background is I

have in the office. He is well regarded and well known throughout the country. Some say he is an expert on traffic, but he was very helpful to us in his study because of his knowledge of the local situation. I talked to a lot of people about the police department. Some thought that I ought to bring in an outsider from New York. The best advice I could receive was that that would be a mistake, that I would have to have somebody on the grounds. So I started out to find what I thought were honest men to put in the top command. That, to me, was fundamental. First, were they honest? That was the first thing I did. It took me a long time to find them. This is not easy work as you probably have found. I found Commissioner Prendergast here, and everybody agreed that he was honest. I then tried to find out who he could get for his assistants. There were a lot of suggestions made to me which came in from good citizens and even from crime violators.

The papers made suggestions. I didn't take those suggestions, because there was no one running the police department but the mayor. Some may have been all right, but they didn't know the score. I talked to the FBI, the top people. I said I want to get some staff here so that when they come into my office I know they are honest. That is where we start, with an honest top command. We ended up with Deputy O'Connor. When we made him chief first deputy—is that his title?

Commissioner PRENDERGAST. Deputy in charge of field service.

Mayor KENNELLY. The papers carried the story that he was one man that his alderman or board member didn't know. That was a great recommendation as far as I was concerned. We did that all the way down the line, with the chief of detectives, and so on, people that we had confidence in. So we built our staff. There was one commissioner for 25 or 30 years trying to run the police department.

Mr. HALLEY. Can you fire or remove anybody?

Mayor KENNELLY. Oh, yes.

Mr. HALLEY. Did you shift anybody from major assignments?

Mayor KENNELLY. Oh, yes.

Mr. HALLEY. Can you state in general what shifts were made, just the major ones?

Mayor KENNELLY. The chief of detectives. I put in his assistant, Andrew Aiken. That wasn't any reflection on the man who was there, but we weren't solving, in my opinion, the number of murders and crimes that I thought we should. I thought I ought to do something about it. The man who was captain in the district, Storms, was apparently doing a good job. We transferred this fellow. Then we started to discuss the question of transferring captains when something happens in a district. I had been reading about transfers all my life in the police department. It always sounded like a lot of baloney to me, just done for effect. I said to Prendergast, keep them there and make them do it right there. Don't transfer them out because something happens. Keep them there and then we can hold them responsible for that district. Transfer him out, and he would say, "I am new in this district and the other fellow is new in that district." It would have been easier to make the headlines with a lot of transfers, but we have kept it to a minimum. I mean we don't do it just because there is a gambling joint running out there and we

find it. We don't transfer them out for that. I don't feel that is the way to do it. You don't do it in business and you shouldn't do it in the police department.

Mr. HALLEY. From your experience how should the committee approach that problem in its thinking, where we find a gambling joint running wide open in an area and a police captain who has been in the area for 10 years, mustn't the committee assume that he knew about it and condoned it?

Mayor KENNELLY. I have mistaken that position. We had a case here a couple of weeks ago. I had forgotten the incident. I said to the commissioner of police, you can't tell me, while it was up on the second floor, that he didn't know about it, the captain or someone knew about it in the district or it couldn't be running.

Mr. HALLEY. In a case like that do you bring the captain up on departmental charges?

Mayor KENNELLY. The commissioner talks to him. I don't talk to the captains myself.

Mr. HALLEY. Have any of them been brought up on charges and fired?

Mayor KENNELLY. They have been brought up to the department. Commissioner Prendergast has the authority to suspend them for 29 days and then to resuspend them. You have suspended a good many captains, have you not, Commissioner?

Mr. PRENDERGAST. Some time ago; yes.

Mr. HALLEY. Could you give us a list of the captains who were suspended? If you don't have it right here, Commissioner, will you provide it for the record?

Mr. PRENDERGAST. Any information that you want. We want to help you.

(The information furnished by Commissioner Prendergast is identified as exhibit No. 20 and is on file with the committee.)

Mr. HALLEY. Was anybody actually fired?

Mayor KENNELLY. Only Drury and Connelly, I believe.

Mr. HALLEY. They were the only two?

Mayor KENNELLY. Yes. Is that right? Do you remember that?

Mr. BOYLE. There were other police captains fired, but they were restored by court orders.

Mayor KENNELLY. I am not familiar with the details.

Mr. BOYLE. They were fired by the Civil Service Commission of Chicago, but they appealed their cases to the courts. I understand several of them went to the appellate court and they were reinstated by the court. I think there were seven policemen fired at one time; isn't that correct; and the civil service commission put them off the Chicago Police Department and they got a court order restoring them to their rights and even with back pay, as I understand it. I think that was before Mayor Kennelly took office. I am sure it was.

Mr. PRENDERGAST. It was.

Mr. HALLEY. Who would be best able to give the committee the facts on that?

Mr. PRENDERGAST. I can get it for you.

Mr. HALLEY. Thank you.

Mr. PRENDERGAST. That is some years ago.

Mr. HALLEY. Just one other thing, Mr. Mayor. Is there any practice in Chicago or any authority for the practice of bringing in the well-known hoodlums for questioning from time to time to find out what they are doing?

Mayor KENNELLY. I wouldn't be able to answer that.

Mr. PRENDERGAST. I think the chief of detectives could answer that.

Mr. HALLEY. Is he here?

Mr. PRENDERGAST. That is his responsibility. No, he is not here, but I can get him here any time you want.

Mr. HALLEY. Do you know, Mr. Boyle?

Mr. BOYLE. You will excuse me for smiling, but of course we had Ricca, Campagna, and Gioe in, and they had to answer questions because they were on Federal parole, and if they didn't cooperate with the authorities that would be a violation of their parole. The other night I was severely criticized for violating the civil rights of people in this community at the Chicago Bar Association and also that I was persecuting people rather than prosecuting them. So you have one group of people who are interested in civil rights, and then you have another group of people who are lawbreakers who probably have no civil rights, in my opinion. Do you mean that certain people who are known hoodlums should be picked up around the streets of Chicago?

Mr. HALLEY. And brought in and asked "What are you doing these days?"

Mr. BOYLE. That is a matter for the police department.

Mr. HALLEY. Has the police department done it, do you know, Commissioner?

Mr. PRENDERGAST. Not to a great extent.

Mr. HALLEY. Thank you. I have no other questions, Mr. Chairman.

The CHAIRMAN. Senator Brewster, we hope that as long as possible you will stay with us today and tomorrow and the next day. Because of the exigencies of the campaign and what not, we are a little short of committee members, and we would welcome you to stay and participate in proceedings.

Would you like to ask Mayor Kennelly some questions?

Senator BREWSTER. Mr. Chairman, I very much appreciate your courteous suggestion that I sit in this morning. As you know, I took a great deal of interest in some of the procedures to try and focus national attention on these problems. I happened to be in town today. I shall not be able to sit in to any substantial extent, but I am very happy to see the start of what I certainly hope will prove a very constructive investigation. I am sorry that my colleagues who are members of the committee on both sides of the aisle aside from yourself are not able to be here, two on the minority side, because they are involved in campaigns at this time which seem to demand their attention, and the members on your side, I presume have other responsibilities as well. I don't believe that I should under the circumstances undertake questions because I have had some experience in this field myself and I know the extent to which most careful preparation is necessary. I am, however, interested in the general tone and tenor and I am happy to spend as much time as I can while I am in town. I certainly appreciate your courtesy and consideration.

The CHAIRMAN. Thank you, Senator Brewster. It should be recalled that Senator Brewster made a speech on the floor of the Senate about infiltration of mobster or gangster elements into legitimate businesses, which is one of the very important things that we want to look into, which had a good deal to do, I think, with getting the Senate to consider favorably the creation of this committee. We would be very glad if you would ask any questions.

Senator BREWSTER. Thank you. I am glad you spoke of that. I did make as eloquent an appeal as I could to the Senate to take cognizance of this situation in some appropriate way. I didn't undertake to say just how it should be done, and I did, as you doubtless know, turn over to the committee quite a little material which had been supplied me bearing on various phases of this matter throughout the country, which I made available. I hope that material may to some extent have been helpful. If as time goes on there is any more material I get, I certainly will make it available to the committee.

Mayor KENNELLY. Will you keep this off the record?

The CHAIRMAN. Off the record.

(Discussion off the record.)

Mayor KENNELLY. We close taverns on the evidence of the police department. I revoke the license. We do it regardless of who is involved, who knows who, or anything else.

The CHAIRMAN. Mayor Kennelly, I appreciate very much your splendid statement and your words of welcome to us. I want to ask you one or two questions.

I was impressed by the fact that the civil service had authorized the dismissal of some policemen or captains who you felt were doing wrong and the court somehow or other had reinstated them. How does that come about? Is that because of some defect in the law?

Mayor KENNELLY. The State's attorney made that statement.

The CHAIRMAN. We will ask him.

Mr. BOYLE. They have a right to appeal on the theory that a police officer or a man holding an office of sergeant, lieutenant, or captain in the Chicago Police Department has a certain vested right if he has 15 or 18 years in the police department, and at the end of 20 years he is entitled to pension. In that case they appealed the ruling of our civil service commission to the court here. If the court rules with the civil service commission, they appeal to the appellate court, and from the appellate court to the supreme court, if necessary. In many instances where police officers have been fired from the Chicago Police Department by the civil service commission, court orders have been entered reinstating them.

The CHAIRMAN. That is rather demoralizing, isn't it?

Mr. BOYLE. Yes; it is.

The CHAIRMAN. What is the fault? Where is the difficulty?

Mr. BOYLE. Going back to the Drury-Connelly case, when they were let go by the Chicago Civil Service Commission they filed a petition before I believe it was Judge Sbarbaro, and he reinstated them. The city appealed from his order to the appellate court and the appellate court said they had no right to reinstate them. Then it went to the supreme court and the supreme court reversed the appellate court. The courts have a right to review the actions of the civil service commission. It is not final.

The CHAIRMAN. They do it on the evidence?

Mr. BOYLE. They have a whole new case. We follow in our courts the strict rules of evidence, which they do not follow in the civil service commission.

The CHAIRMAN. Mayor Kennelly, you have Commissioner Pendergast, the head of the police system. What is the set-up of the city government of the city of Chicago? How many commissioners do you have?

Mayor KENNELLY. In the police department?

The CHAIRMAN. No; I mean generally.

Mayor KENNELLY. We have the commissioner of public works, building commissioner, streets and alleys commissioner, highway commissioner, health commissioner, and so on.

The CHAIRMAN. Are they all appointed by the mayor?

Mayor KENNELLY. All appointed by the mayor.

The CHAIRMAN. Do you have an advisory body, a council, or a commission?

Mayor KENNELLY. No.

The CHAIRMAN. A city council?

Mayor KENNELLY. The city council confirms the appointments.

The CHAIRMAN. But you make the recommendation; you make the appointment?

Mayor KENNELLY. That is right.

The CHAIRMAN. They have only the power of confirmation?

Mayor KENNELLY. That is right.

The CHAIRMAN. Do they have the power of discharge or is that solely in you?

Mayor KENNELLY. That is solely in my hands. That is my responsibility. The commissioner is the one appointive officer in the department. The others are civil service. He has the civil-service rank of captain. The others are all civil service and I couldn't remove them without charges being preferred.

Mr. PRENDERGAST. With the exception of the deputies.

Mayor KENNELLY. I can remove them from deputy positions but not from the force.

Mr. PRENDERGAST. They are regular captains.

The CHAIRMAN. This civil service system that you have in the police department, do you think it is a good civil service system? How are the members of the civil service board selected or appointed?

Mayor KENNELLY. Appointed by the mayor.

The CHAIRMAN. And subject to the approval of the council?

Mayor KENNELLY. Subject to the approval of the council.

The CHAIRMAN. Is the council nonpartisan or bipartisan or Democratic or Republican or how do they run?

Mayor KENNELLY. At election time it is nonpartisan when they are running for office, it is political when they are not, and it is bipartisan in many instances.

The CHAIRMAN. How many members of the city council are there?

Mayor KENNELLY. Fifty. Seventeen are rated as Republicans, and thirty-three Democrats.

The CHAIRMAN. How often do they meet, usually?

Mayor KENNELLY. Every 2 weeks, 3 weeks.

The CHAIRMAN. Their power is the power of veto insofar as the police department is concerned largely, is it not?

Mayor KENNELLY. They have the right of investigation.

The CHAIRMAN. In the talk and what not around—and we are all just talking things over here—I have heard people say and I have read that some time back in any event a lot of people had the idea that money was paid by somebody for the purpose of getting a certain position in the police department and while you now have a good civil service commission, it was very difficult to get a lot of people really to appreciate the fact that things were truly on their merits in the police department, that they still thought that some favor——

Mayor KENNELLY. I think they are gradually getting to know that it is on the square.

The CHAIRMAN. You are satisfied that there isn't any of that going on now?

Mayor KENNELLY. Without question of doubt we have probably the best civil service commission that Chicago ever had.

The CHAIRMAN. Are they appointed for terms, the members?

Mayor KENNELLY. They are appointed for a term. I just reappointed one the other day.

The CHAIRMAN. How many members are on the civil service commission?

Mayor KENNELLY. Three. We have a man by the name of Steve Hurley who is the chairman of it. I believe you know him, General Elliott.

Mr. ELLIOTT. No.

Mr. BOYLE. Former president of the Chicago Bar Association.

Mayor KENNELLY. Quite a fellow. When we took office there were literally thousands of temporary employees. They are now 85 percent civil service. Examinations have been held and temporary appointments have been taken off the roll.

The CHAIRMAN. I have also seen it stated that on the theoretical ratio of the number of police that you should have for population, the Chicago police force was considerably understaffed, that your appropriation wasn't sufficient.

Mayor KENNELLY. That is right.

The CHAIRMAN. I think theoretically it is recommended that you have one police officer for every 600 population, is that correct? Mr. Devereux, is that what it is?

Mr. DEVEREUX. I am sorry, Senator, I don't recall.

The CHAIRMAN. It is somewhat less in Chicago.

Mayor KENNELLY. I think so. They are not only understaffed but underpaid. I think we rank about ninth or tenth of the big cities in salaries paid to policemen. We pay for patrolman I think \$3,480 a year and New York pays \$4,100.

Is that right, Mr. Devereux, about that figure?

Mr. BOYLE. You are right. It is about 1 for every 600 population.

The CHAIRMAN. Do you know how Chicago runs? You have less than the suggested ratio?

Mr. BOYLE. Yes.

Mayor KENNELLY. I don't have the figure. We will get that for you. I have been trying for 3 years to do something about the salaries of policemen. We have to go to Springfield, the capital of the State, for financial relief and because of politics or some other reason we haven't been able to get any relief in our program.

The CHAIRMAN. You mean your budget has to be passed on by the legislature?

MAYOR KENNELLY. No. The taxing power in the city has to be—we are operated on an old rate of 5 years ago, and of course the costs have gone up. I pointed this out to the members of the legislature. I went down to the special session they had here this year. I spent about 3 weeks down there trying to get some relief. I pointed out to the members of the legislature that New York spends on the police department of New York City about \$98,000,000. We spend about \$28,000,000. We have big racial problems here, where we have threatened conflicts between the races. In one instance we had 500 policemen who had to be taken from the stations. That is the kind of situation that taxes our police force overnight, such as a threatened riot on the South Side. The police commissioner had to draw in police, leaving the districts unmanned. I suppose the crooks probably know about it. If they hear about a race riot, they think this is a good time to get to work in the other districts.

We are making progress in those things. I am not satisfied with a good many of the police captains. I am not running the kind of administration that will permit anyone, be he a police captain or politician or lawyer or anyone else, to make money out of the city government that isn't proper compensation. I am opposed to it, and unalterably opposed to it. When I was selected by the Democratic organization, by some reference to the Democratic organization, being here some 20 years, I told the Democratic organization the basis on which I would accept their support, first that I would run the job, that while I was a Democrat I didn't believe in the policy that because I was a Democrat, the Democratic organization would run the government, and we followed that out.

THE CHAIRMAN. In that connection, what if any effort has there been on behalf of the Democratic organization or any other organization to exert any influence?

MAYOR KENNELLY. Not recently.

THE CHAIRMAN. I understood that one difficulty in Chicago, at least in the past, has been that there were ward committeemen in the various wards that had great influence, political influence, and maybe the policeman who was in that ward looked more to the ward committeeman and was willing to abide by the judgment of the ward committeeman as to what should go on in that precinct than maybe he was with the police department as such, and that that was the cause of some sections of the city having lax law enforcement.

MAYOR KENNELLY. That may have been the way it was run. I think Collier's article which was out recently paid us a compliment. I don't know whether they meant to do it or not. They said that that system was no longer in existence here, that the police captain was the boss of the district. Well, at least we have cut one factor out of the business of crime. People in politics, in my opinion, the ward committeemen, have no place in the police department. We can't do all these things overnight. This is an old, established custom in American politics, not only in Chicago but in Memphis and in Vermont.

SENATOR BREWSTER. Maine. It is synonymous.

MAYOR KENNELLY. It is Republican, anyway. I didn't take this position as mayor for any purpose other than to do a good job for this community.

THE CHAIRMAN. Certainly I have never seen any personal insinuations against you, Mayor. The most I have ever seen I think was in

the Collier's article where it says that so much was going on you had a hard time keeping up with everything that was going on. I think they made that observation.

MAYOR KENNELLY. Of course, we don't go talking about these names that you mention here. I don't know these names; Accardo and all these names don't mean anything to me. I say stop crime, stop gambling in Chicago, and that will affect those people. That is the way I do it. They have been talking about them too long. We cut out their source of income. When I became mayor you could walk down any street here and find a big gambling joint.

MR. BOYLE. Air conditioned.

MAYOR KENNELLY. Air conditioned, serving you sandwiches while you gambled.

THE CHAIRMAN. Three and a half years ago.

MAYOR KENNELLY. Yes; and they don't exist now. I challenge anyone to prove that they exist or that you can walk into any one. Even the crime commission, my good friend over there, Mr. Devereux, in his reports or gambling—his complaints rather—show that 85 or 90 percent are what they call sneak bets at this time.

THE CHAIRMAN. Mayor Kennelly, you mentioned the Chicago Crime Commission, and I was going to ask about that. I know there have been some differences of judgment between you and Mr. Peterson, the operating director, or maybe the officials of the Chicago Crime Commission. In the time that I have been interested in this, expressing my personal opinion, I have had the feeling that the Chicago Crime Commission was a very fine organization, and certainly that Mr. Virgil Peterson, while anyone might disagree with him, knows his business. He has been in the business a long time and I think he is a very splendid man.

MAYOR KENNELLY. I subscribe to that.

THE CHAIRMAN. He and the members of his staff have been a great deal of assistance to us. I felt that crime commissions generally in cities did an awfully good job. I wonder what is the situation with the Chicago Crime Commission.

MAYOR KENNELLY. I can subscribe to all you say about Mr. Peterson. I subscribe to that 100 percent. I like him; I like the crime commission. As a matter of fact, I had been a member of it for a long time before I became mayor. I was a member—still am, I believe—of the crime commission. They have made a great contribution to Chicago. I disagree sometimes with their ways of doing things. After all, the mayor has to make these decisions and not outsiders, whether it be the crime commission or the Democratic county counsel committee, the association of commerce, or anybody else. In the final analysis, it is for the mayor to make the decision. If we have had any disagreements, it is on that point alone, not on objectives.

THE CHAIRMAN. But their effort in keeping in touch with the situation—

MAYOR KENNELLY. Has been very helpful. Some months ago I arranged for a meeting between Mr. Devereux and Mr. Peterson and the police department. Under this new command that we set up here a year ago, one of the matters on the agenda was regular meetings of the top command to discuss crime in Chicago—to bring in people and talk about it. I said to Mr. Wyman and his associates on the crime commission, "Why don't you sit in and work with them and see what

you can do? They have more to do than what you are interested in, but I think it would be helpful to them to set up that kind of meeting—to bring them into the family.” We like them. They are fine people. They are top fellows there. Austin Wyman and Guy Reed are some of the finest citizens we have around Chicago.

THE CHAIRMAN. I am glad to hear you say their work should be encouraged. I had the feeling down in Miami, for instance—Mr. Dan Sullivan is visiting with us here today—that they have done a wonderful job there. Down there they didn’t have the cooperation of the sheriff and the city police and what not. I think in the future there will be cooperation there.

Mr. Mayor, I also wanted to ask, Do you think it is important that we get at the matter of infiltration of some of these fellows like the Fischettis et al. into legitimate businesses? Is that a problem here?

MAYOR KENNELLY. They say it is. I wouldn’t have any first-hand knowledge. If anybody who is rated by crime experts as a gangster, certainly all his activities ought to be investigated.

THE CHAIRMAN. Do you have any suggestions about how we can get into these matters? For instance, it is reported that the Fischettis own the Chez Paree. What about that?

MAYOR KENNELLY. I happen to know something about the Chez Paree. I have been in it a number of times myself as a visitor. Prior to my taking on this job as mayor I believe they had quite a gambling room up there which some rated as one of the best in the country, if you can call gambling rooms the best, the best for whom I wouldn’t know. It had quite a high rating. We closed it up.

Mr. Boyle. Since then they sold it.

MAYOR KENNELLY. One night I was invited to—this is off the record. It is not important to the hearing.

(Off the record.)

THE CHAIRMAN. Mr. Mayor, how are the licenses issued for places like the Chez Paree?

MAYOR KENNELLY. It is an amusement license issued by the police department.

THE CHAIRMAN. Does the police department have a board that passes on them or do they have to meet any standards?

MAYOR KENNELLY. They have to meet certain requirements. I have a man in my office who puts the final O. K.; one of my assistants.

THE CHAIRMAN. So that comes under your jurisdiction.

MAYOR KENNELLY. Yes, sir.

THE CHAIRMAN. How about wholesale and retail liquor licenses?

MAYOR KENNELLY. The same way.

THE CHAIRMAN. Do the wholesale liquor licenses come under your jurisdiction?

Mr. Prendergast. Yes; all licenses for liquor.

THE CHAIRMAN. The State has no power in passing on licenses for wholesale and retail liquor establishments?

Mr. Prendergast. No.

MAYOR KENNELLY. I am not familiar with that.

Mr. Boyle. I really don’t know. How about Eardley. He should know.

Mr. Kerner. There are three different licenses. There is a Federal license to wholesalers.

THE CHAIRMAN. That is just a taxpaying matter.

Mr. KERNER. Yes. There is a State license issued by the State liquor-control board or some such name.

The CHAIRMAN. Where is the character of the applicant passed on?

Mr. PRENDERGAST. Police department.

The CHAIRMAN. By the city police department?

Mr. PRENDERGAST. By the captain of the district. He either approves or disapproves.

The CHAIRMAN. Is there a board to whom the captain makes recommendations?

Mayor KENNELLY. It is up to the commissioners.

Mr. PRENDERGAST. Yes.

The CHAIRMAN. Does the State control board pass one way or another on the worth-whileness?

Mr. PRENDERGAST. I know nothing about the State. There is a Government license issued.

The CHAIRMAN. The Government refers just to the payment of the tax, I believe.

Mr. PRENDERGAST. Yes.

Mayor KENNELLY. We will get you the information for the record.

(The information furnished by Mayor Kennelly is identified as exhibit No. 21, and is on file with the committee.)

The CHAIRMAN. You had some questions, Mr. Robinson.

Mr. ROBINSON. Along that line, Mr. Mayor, is there a thorough investigation made of the applicant for such a license?

Mayor KENNELLY. There is supposed to be. I hope there is. We had a check made sometime ago of a good many women who had licenses, that is, the feeling was that there were a good many women and that somewhere back of it someone else owned the license, that they were just being used as a front. We had that checked. I ordered the counsel to check the licenses, some 1,500 or 2,000. I think we have the file on that, which might be helpful to you. That always disturbed me, to find women owning taverns, but that is the way it was. We started to find out whether they had any connections, whether they were representing anyone. The file of the corporation counsel on that could be made available to you.

The CHAIRMAN. We would be very happy if we could have the opportunity to see that.

Mayor KENNELLY. Surely. Who was it who handled that in the corporation counsel's office?

Mr. PRENDERGAST. Mr. Harrington.

Mr. ROBINSON. I understand the initial recommendation is made by the precinct captain.

Mayor KENNELLY. Not by the precinct captain. I never heard of that.

The CHAIRMAN. I thought you said the police captain.

Mr. PRENDERGAST. Yes; the police captain.

Mayor KENNELLY. He checks whether they have any criminal records and so forth. It goes through a regular system.

Mr. PRENDERGAST. The application is made in the city collector's office, then it is forwarded to the police department, the health department, building department, and I believe the electrical department. It is passed on by the district police captain, who has a man assigned to investigate applicants for licenses. It is returned to the

captain and then returned to our office and then returned to the city collector.

The CHAIRMAN. If the applicant has a criminal record of any kind, can he get a permit?

Mr. PRENDERGAST. No, sir.

Mayor KENNELLY. It is all recorded on the application.

Mr. ROBINSON. Has it been the experience that the ward committee-man gets into that picture at all?

Mayor KENNELLY. I wouldn't say "Yes" or "No" to that.

Mr. ROBINSON. Mayor Kennelly, would you care to make any comment on the presently existing—and I understand it is a presently existing—narcotics problem in the city of Chicago?

Mayor KENNELLY. I would like to talk about that because I think we are away out in front in the enforcement of those laws. About a year and a half ago I read somewhere in one of the papers or in one of the columns that there was a good deal of narcotics on the South Side; that is, out in the Negro district. I immediately called the commissioner of police and told him I wanted a drive put on, and we have done that. I get I think a monthly report of the number of arrests on narcotics violations. I said, "I want to find out what you are doing about it. Keep me currently informed." We get a monthly report. We have arrested thousands of people in connection with this drive. We have a record of how the cases were disposed of in court, whether they were let out, whether they were fined. Your narcotics man is here. I saw him. He is familiar with it. I think as far as any other city I think we are far out in front on it. We recognize the importance of it. We have the records of whether they are minors, whether they are juveniles, or who they are. We will give you that record. We will make the record up and send it over to you.

Mr. PRENDERGAST. Do you want that?

The CHAIRMAN. Yes.

Mr. PRENDERGAST. For how long a period?

Mayor KENNELLY. From a year and a half ago.

The CHAIRMAN. Show us what the situation was before and what you have done about it.

Mr. PRENDERGAST. It is pretty hard to show you what it was before.

Mayor KENNELLY. There wasn't much done before.

Mr. PRENDERGAST. You can base your thoughts on it from this record.

The CHAIRMAN. Mr. White, what would it be useful for as far as we are concerned? You are the expert.

Mr. WHITE. I think the statistics compiled by your crime-prevention bureau along that line might be helpful.

Mr. PRENDERGAST. For what period?

Mr. BOYLE. You mean the crime-prevention bureau that was set up?

Mr. WHITE. Yes. I glanced through those yesterday and I think there are some interesting figures in there.

Mayor KENNELLY. You mean the one that the State's attorney's office prepared?

Mr. WHITE. Mr. Boyle's office.

Mr. BOYLE. You should get them from the commissioner's office. Ours stem from the juvenile court originally. In a 6-month period they had 65 addicts under the age of 16.

The CHAIRMAN. Can we get them from both of you?

Mr. BOYLE. Yes.

Mr. PRENDERGAST. Yes.

Mr. BOYLE. Once an addict becomes an addict, what are you going to do about it? You and I or no one else is going to cure him. He is going to be an addict as long as he lives. We have Dr. Ivy, the head of our committee on crime prevention who is familiar with this, and he said that after 13 years of treating thousands of these addicts he knew of only one cure. That man has been cured for only 12 years. He hasn't used narcotics in 12 years. Once he becomes an addict of heroin, morphine or cocaine it is a problem from then until the day he dies.

The CHAIRMAN. We would like to have not only your statistical information, but any information you can give us as to any rings or alleged rings that are operating in and out of Chicago in narcotics.

Mr. PRENDERGAST. My figures may be wrong on this. We got a lead on some peddlers, and if my memory is right we arrested 37 peddlers one night, together with the cooperation of the narcotics unit of the Government. In one night we had 37 peddlers.

Mr. HALLEY. So that the committee's records can show the comparison, can you give the committee the statistics on the arrests and convictions for, say, the year and a half prior to the beginning of the drive.

Mayor KENNELLY. Yes.

Mr. BOYLE. Frankly, your problem is in the colored section. That is the biggest narcotics problem.

Mayor KENNELLY. I would like to get this back to the gambling picture. We haven't been satisfied with just closing up establishments that are out in the open, that you find. We have made a drive on the telephones, wire rooms. I will have the police department make up a record of the places we have raided and the phones we have taken out from information from the telephone company itself.

Mr. HALLEY. The committee would like to have that and in addition to that, all the information on the actual locations of drops that you have.

The CHAIRMAN. And the names of the people operating them where you have that.

Mr. PRENDERGAST. The persons who were arrested.

Mayor KENNELLY. Anything like that we will include in the reports and let you have them.

The CHAIRMAN. Mr. Robinson had a few more questions.

Mr. ROBINSON. Mr. Mayor, I believe in your formal statement you made reference to a fact which I am sure is all too true, that gambling is abetted and encouraged by the bettor. Would you say there is a place among law-enforcement officials for one who habitually gambles? Could he have the right mental approach to the enforcement of the gambling laws?

Mayor KENNELLY. If he gambled himself?

Mr. ROBINSON. Yes.

Mayor KENNELLY. No.

Mr. ROBINSON. Would you care to make or would the commissioner care to make any comment regarding the policy racket in Chicago?

Mayor KENNELLY. There is a policy racket that is very prevalent out there. We drove it off the streets, as one minister out there said, and drove it into the alleys.

Mr. ROBINSON. Is it peculiar to any particular location?

Mayor KENNELLY. The Negro districts.

Mr. ROBINSON. In connection with the narcotics situation in the colored district, has there been any indication of the sale of narcotics being carried on by any known Communists?

Mayor KENNELLY. I don't have that information. Maybe we can dig that up for you and give you the names of people that we have arrested.

The CHAIRMAN. Do you have that?

Mr. PRENDERGRAST. I may say, with thousands of arrests that we have made out there—and I mean thousands—the average age I would say would be 24 or 25, including minors and if my figures are right, I think in about 6 months we arrested 42 juveniles.

Mayor KENNELLY. Will you make a note and see if there is any information about Communists that we have? We have a very good detail that has to do with Communists in Chicago. They have the records of most of them, I guess, and can tell you all about them. It is surprising the information we have. I use it very often. We find it in our race relations business.

Mr. ROBINSON. This is probably a question that might be more appropriately directed to Mr. Boyle, but I wonder whether or not there is any comment with respect to the possible improvements in the rules of criminal procedure in the local courts here.

Mr. BOYLE. The Chicago Crime Commission has what they call the crime commission bills, and I went down to the legislature and argued before the judiciary committee of the Senate and also of the House. We had five bills, and they certainly would have helped us. You must understand that in Chicago as in Illinois, we are operating under a constitution that was passed in 1870.

The CHAIRMAN. That is the same date the Tennessee Constitution got passed.

Mr. BOYLE. Are you operating under such constitution now?

The CHAIRMAN. Ours has never been amended since that time.

Mr. BOYLE. Neither has ours. It is practically the same constitution we had in 1848, which was adopted in 1870, and they have never been able to amend it or change it. Cook County is the only county of the 102 counties in Illinois that has only a 30-day grand jury, and that applies not only to the regular grand jury that meets every month—they have a continuous grand jury, 12 grand juries in each year, but no grand jury can operate for more than 30 days. That applies also to a special grand jury. In other words if a special grand jury was appointed to investigate a certain phase of crime, its life would be only 30 days, which is practically about 22 days. The crime commission and other law enforcing agencies, including the mayor and the Governor, tried to change that so that Cook County could get a grand jury that would operate 6 months, and they were willing to settle for even 3 months, 90 days. You can understand that once an investigation starts, at the end of about 20 working days, if that grand jury is not finished, you would have to start all over again with the next grand jury.

The CHAIRMAN. And take half the time getting them oriented to what the previous grand jury said.

Mr. BOYLE. That is correct. You can't orient them by statements on paper. You have to have witnesses appear and testify. The Federal grand jury can meet for any length of time.

Mr. KERNER. Eighteen months.

Mr. BOYLE. The perjury bill, for instance. If a man testifies before our grand jury under oath and says a certain set of facts are true, he then goes into court and testifies under oath directly opposite to what he testified before the grand jury, it is the duty of the State's attorney to prove—the proof is on the State's attorney to prove which statement is true. The mere fact that they are directly opposite doesn't convict him. We must prove which one is true when we take him to trial. That is another bill we tried to change.

The crime commission tried to change the alibi bill. We tried to help them all we could. The alibi bill is that within a certain number of days before trial, if a defendant is going to produce an alibi he must notify the State's attorney in writing so he can check to see whether that alibi is true or false.

Another one was a public office holder or any public employee who refuses to testify before a grand jury or before any judicial proceeding on the ground that he might tend to incriminate himself, if he says that, then he forfeits his office.

What was the fifth one, Devereux?

Mr. DEVEREUX. Immunity.

Mr. BOYLE. Immunity, yes. We had a case before I became State's attorney that was known as the Smokie case in which this fellow Vogel, who is supposed to have the slot machines, his brother was involved. There were saloon keepers or tavern owners who made statements that they were forced to take these slot machines. The case went to trial. These 30 tavern owners refused to testify on the grounds they would tend to incriminate themselves, even though they weren't indicted and no warrant was issued against them or anything else. Of course, the court sustained their right to refuse to testify on the ground that they might tend to incriminate themselves. The law that the crime commission was trying to pass was that the court could turn to the witness and say, "I grant you immunity in this particular case." The court would have the right to grant them immunity and then they would have to testify. But every one of those bills was defeated. They were fought and really fought down there.

Mr. HALLEY. Did the bar association approve them?

Mr. BOYLE. Yes, and the State's attorneys association of which I am a member, that is, all the State's attorneys, approved them.

Mr. HALLEY. Who fought them in the legislature?

Mr. BOYLE. Certain members of the State legislature, a bloc.

Mr. HALLEY. Who would you say was the leadership of that opposition?

Mr. BOYLE. I would say that Jimmie Adduci, Petrone—you know them, Devereux.

Mr. DEVEREUX. Libonati, Adduci, and Petrone are what we call here locally the West Side Italian bloc.

Mr. HALLEY. Could they alone do it?

Mr. BOYLE. Frankly, we feel that they made a deal with some representatives down State for other legislation so that they would buck

these bills with them. There was only one bill that got out of committee, wasn't there, the grand jury bill.

Mr. DEVEREUX. The grand jury bill was reported out.

Mr. BOYLE. Reported out and beaten. We have the biggest county in the United States here in Cook County. We have nearly 5,000,000 people here. We are operating under an 1848 constitution instead of an 1870 constitution. It is 100 years old. You asked me why we didn't bring in these fellows and say, What are you doing now? They won't answer. They will give you their name and address and won't tell you anything else. Under our rules and under our rules of procedure that is all they have to tell us. No man has to give testimony against himself.

Mr. HALLEY. What deal did they make in the legislature so far as you know?

Mr. BOYLE. Devereux was down there, weren't you?

Mr. DEVEREUX. No; I wasn't down there.

The CHAIRMAN. Mr. Devereux, move up here and join the group. We will swear you. Do you solemnly swear the testimony you will give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. DEVEREUX. Yes, sir.

Mr. BOYLE. As State's attorney of Cook County I have to try cases on the law and evidence. I also took an oath to uphold the Constitution of the United States and the State of Illinois and that isn't any idle oath. I have to do it. I can't try people on their reputations. I did that once when I was an assistant. I tried a bunch of fellows on their reputations, convicted them with juries, and went to the supreme court and they were reversed—Jack Packburn, Bill Casto, Louis Alteri, and Maxie Isen. It went on for about 6 or 7 months. They were the so-called members at that time. Gus Winkler. I guess they are all dead, they have all been murdered. Only one of them died a natural death. We tried them on their reputations. It is a little far-fetched when you look back on it. We had police officers come in and testify that they were reputed to carry guns, had a bad reputation in the community in which they lived. They were reputed to be gangsters. The juries went out and convicted them in 10 or 15 minutes, but the convictions didn't stand. As we look back on it now, we have the civil rights groups, the civil liberties groups and everybody else tearing our heads off today, and they weren't in existence at that time.

Mr. HALLEY. It is very important in trying to pin down the responsibility for the defeat of these criminal procedural bills that the committee know exactly who spearheaded the thing, and in that connection I think it is important that we know with whom they made a deal and what kind of deal they made, if you know it.

Mr. BOYLE. This fellow, Reed Cutler, from down State gave us a bad time before the committee. What is this fellow's name in Rock Island, the little representative?

Mr. DEVEREUX. I have forgotten his name. I would suggest to the committee that the best informed man on this is Fred Pretzie, administrative assistant to Mr. Peterson, who attended every session of the legislature 2 years ago, and is the active man in the commission in attempting to line up our commission forces to introduce two bills at the forthcoming legislature next January. We have cut down the five bills to two on the chance that maybe we can get those swung.

The CHAIRMAN. While we are on this, Mr. Robinson, will you place the gentleman you talked about under subpoena. What is his name?

Mr. BOYLE. Mr. Pretzie will come over this afternoon.

The CHAIRMAN. Let's get him over.

Mr. HALLEY. Was there any opposition to these bills on what you might say their merits, on reasonable grounds, that was raised at the time of their committee consideration?

Mr. BOYLE. The point that was raised was that you were depriving people of the rights they had under the constitution and the laws of the State of Illinois, that you were depriving the defendant of a fair trial in a courtroom. They questioned the constitutionality of several of these things.

The CHAIRMAN. You didn't believe that was the actual reason for their opposition, did you?

Mr. BOYLE. No; I did not. I think some of them were honest in their opposition. There were some good lawyers in the legislature.

Mr. DEVEREUX. There were a lot of good arguments on the alibi bill.

Mr. BOYLE. A defendant doesn't have to testify at all in a criminal case. They claim why would we have to come in and say I am going to give you an alibi. Some of them were sincere in their arguments against the bill.

The CHAIRMAN. We may have some substantial evidence, and I think we will try to make some inquiry along that line, but we certainly would appreciate any information you can give us as to any of the so-called gangster element influencing any of these legislators or associations that might have influenced them.

Mr. ROBINSON. Isn't it true that one of the legislators who was violently opposed to the bill had a criminal record?

Mr. BOYLE. Criminal record?

Mr. ROBINSON. Yes.

Mr. BOYLE. A member of the legislature?

Mr. DEVEREUX. Yes, one of them has a record. I have forgotten, he is one of the West Side Italian group, Adduci?

Mr. BOYLE. Yes. Under the Vagrancy Act. I tried him before a jury. That was before he was a State representative, but he wasn't convicted.

The CHAIRMAN. I know Mayor Kennelly is terribly busy. Would you like for us to finish with you?

Mayor KENNELLY. No. Go ahead. I was to go to Washington, but I canceled that.

(Off the record.)

The CHAIRMAN. Mayor Kennelly, you have followed up this matter a good deal and all of you gentlemen have. Will you now and at a later time after you have given the matter more thought and study, give us your recommendations as to what if any Federal laws you think might be strengthened that would help you with your local law enforcement problems? Any Federal laws that you think might be passed. To draw out your thinking on the matter, in our interim report on Florida, we list some of the recommendations that we are considering. I don't mean that we have agreed on these at all. They are just being considered.

Mayor KENNELLY. What are you trying to accomplish, Senator?

The CHAIRMAN. I will give you this.

Mayor KENNELLY. I believe you sent me a copy of this.

Mr. HALLEY. Yes.

The CHAIRMAN. Let's see that copies get to all these gentlemen.

Mayor KENNELLY. What are you trying to accomplish? What is the purpose of the investigation? Are you trying to eliminate gambling as such? Are you trying to eliminate people from controlling gambling, certain people, people with criminal records? Just what are we trying to accomplish?

The CHAIRMAN. I am glad you have asked the question, and we should have said something about it while the boys of the press were here. We are not naive enough to believe that any group or anybody can stop gambling. What we hope to help do is to throw blocks in the way of the interstate ramifications and the operation of it across State lines so that it might be reduced to a local problem where you could cope with the matter better. We find generally that the heart of the thing, the arteries of it, are through the wire service. At most of the places we have been the distribution and the subdistribution of the wire service is used as the nucleus for gambling activity, and around these distributors are a bunch of hoodlums and racketeers in a great many instances which very adversely affects the local law-enforcement problem. If in any proper way, without impinging on the rightful jurisdiction of the local communities, we can cut out and block some of the interstate communications aspects of it, in that way, by the transportation of slot machines or by being certain that these people are taxed and taxed to the limit and that they pay their taxes through the income-tax laws, then that is what we are interested in.

Of course, that refers only to the gambling part. We also are examining all of our Federal statutes, our postal statutes, the mail-fraud statutes, the narcotics laws, and all other Federal laws to see what we can do to strengthen them. A whole lot of this is carried on through the mails at the present time. I don't know what the situation here is, but in St. Louis, for instance, we found that one outfit had mail connections with Western Union operators in 19 or 20 States, I believe, where they were their local agents for the purpose of making book and then communicating back and forth off the Western Union lines and then clearing through the mail. Mayor Morrison, as you know, and the American Municipal Association, felt that by the strength of their wealth and their connections through the country they were able to exert influences and to operate in such a way that in some cases it was almost beyond the ability of local communities to cope with them. If you remember, the American Municipal Association and the Mayors' Conference passed a resolution asking that the matter be gone into.

Mayor KENNELLY. You certainly are tackling a big job.

The CHAIRMAN. We have found that out.

Mayor KENNELLY. We have been working at this day in and day out. I talk to the police department every morning, and maybe two or three times a day, trying to do something about crime, and trying to do something about gambling particularly, because it burns me up to find that these operations go on and are protected.

Mr. HALLEY. Mr. Chairman, may I read into the record now, because I think it is pertinent, conclusion No. 7 in the interim report filed by the committee. The committee has seven conclusions of a

general nature and then referred specifically to the Miami investigation. No. 7 was the final conclusion of the general conclusions. It reads as follows:

It is essential that the true nature of the evil be recognized. The question is not whether gambling or any other form of illegal activity is morally good or bad. It is, rather, that we must weigh the full evil effects upon the body politic of permitting powerful groups of criminals to utilize the channels of interstate commerce for the purpose of controlling illegal enterprises when it is clear that these groups now obtain and always have secured their power by (1) using violence and intimidation; (2) attempting to corrupt and control local government; (3) obtaining overbearing economic power by amassing great wealth through nonpayment of taxes and by means of monopoly.

I think the specific things the chairman has mentioned have been the specific manifestations summed up in this general conclusion.

The CHAIRMAN. Mr. Robinson, do you have any more questions of the mayor?

Mr. ROBINSON. No further questions.

Mayor KENNELLY. I have always thought it strange that the telephone company could or would put phones into gambling houses, whether they wouldn't have some discretionary power to say whether that was a proper place, or whether the number of phones going in was proper. I know in one raid they made there were 30 phones over here in one of the office buildings. There was no way in the world to find it. We just happened to get it through some undercover man who brought it in. I have often wondered why that would be permitted, whether the telephone company hadn't some obligation, too, in getting this information around.

The CHAIRMAN. That is quite right, and particularly during time of war, when telephones were very difficult to get, we found in some places the bookies had no trouble getting banks of telephones.

Mayor KENNELLY. The telephone company does cooperate with us when they find these places.

Mr. PRENDERGAST. We do report them to the telephone company.

Mr. BOYLE. There are about 13,000 phones.

Mr. PRENDERGAST. I think there were over 2,000 in Chicago alone.

Mr. BOYLE. That is over a period of some time. Their attitude is that they are a public-service company, and anybody who applies for a telephone they should give it to them until they learn later that they are in the gambling business and then they take it out. They wait until somebody complains.

(Discussion off the record.)

The CHAIRMAN. Attorney General Elliott's statement to the committee of July 11, 1950, will be made a part of the record at this point.

(Statement of Ivan A. Elliott, attorney general, State of Illinois, is identified as exhibit No. 22, and is on file with the committee.)

The CHAIRMAN. The committee will stand in recess until 2:15 p. m.

(Whereupon, at 1 p. m. the committee recessed until 2:15 p. m. the same day.)

AFTERNOON SESSION

(The committee reconvened at 2:20 p. m. pursuant to the taking of the noon recess.)

The CHAIRMAN. Gentleman, we have decided that we probably will make better progress if we keep one witness at a time and finish

with his testimony and then carry on from there. So, we are going to start with you, Chief Prendergast.

I will have to ask everybody else to wait outside until you are called except Federal officials.

Mr. HALLEY, do you or Mr. Robinson have anything else to ask Chief Prendergast?

Mr. HALLEY. I think we will ask Mr. Robinson to go ahead. Are there any other specific points at this time?

**FURTHER TESTIMONY OF JOHN C. PRENDERGAST, COMMISSIONER
OF POLICE, CHICAGO, ILL.**

Mr. ROBINSON. I have a few questions I would like to ask you, Commissioner. Maybe some of them were touched on.

Do you have any system of investigating your police officers?

Mr. PRENDERGAST. I have a department inspector, we call him. This is not in the way of an alibi. Prior to the reorganization I had none, practically. Now I have two assistants.

Mr. ROBINSON. I think it might be helpful if you could give a very brief sketch of what the organization of your police department is.

Mr. PRENDERGAST. My organization today consists of the commissioner, of course, two deputy commissioners, one in charge of staff services and one in charge of field services. The man in charge of staff services, of course, takes care of the office routine. The man in charge of the field services has charge of the detective bureau, the district stations, and the uniform branches of the department, and traffic. Under him there are deputies. There is a chief of the traffic and a chief of detectives and the chief of the uniform force. If you want a breakdown, I will have it laid out for you in a regular graph.

Mr. ROBINSON. You have a graph or chart that we could have?

Mr. PRENDERGAST. Yes.

The CHAIRMAN. Let us have that and we will put it in the record as an exhibit to the commissioner's testimony.

(The chart referred to is identified as exhibit No. 23, and appears in the appendix facing p. 1380.)

Mr. ROBINSON. Do you have any particular precincts that you classify as the worse precincts so far as crime is concerned?

Mr. PRENDERGAST. Of course, the Loop district, I would say, and the twenty-sixth district and the thirty-fifth district. The Loop district takes in the entire Loop to Twenty-second Street and the Lake to the river. The thirty-fifth district is north of the river. The boundaries of that district are from the river to Division Street and from the Lake to the river. And the twenty-sixth district is west of the river. In fact, my river wards—and I may say two or three of my South Side districts—the third, fourth, and fifth—there is more crime in the fifth district than any other four districts in Chicago.

Mr. ROBINSON. How long have the police captains been in those particular districts?

Mr. PRENDERGAST. Offhand, I don't know. The captain of the twenty-sixth district, I would say, was in there for maybe a year and a half. The captain of the thirty-fifth district was transferred out of

there, and I transferred him back later on. The captain of the first district has been there for several years.

Mr. ROBINSON. Was there any particular reason for the transfer?

Mr. PRENDERGAST. No. As a young patrolman, I worked in the thirty-fifth district, and I would say it is a district where you have to be a two-fisted fellow. When you leave the station you never know whether you are going to run into an argument or not. That was the reason I assigned them back there. Captain Brodie is in charge of the first district and Captain Hartford of the twenty-sixth district. Captain Harrison——

Mr. ROBINSON. He is the Captain Harrison who was removed at one time from the force?

Mr. PRENDERGAST. Yes. He was discharged and later on reinstated, along with several other captains. That was back several years ago.

Mr. ROBINSON. Has there been any investigation made with respect to Captain Harrison so far as his accumulation of wealth is concerned?

Mr. PRENDERGAST. I don't know what Captain Harrison has.

Mr. ROBINSON. You don't know?

Mr. PRENDERGAST. No; I do not. I have access to the files, of course, to show how much these captains have.

The CHAIRMAN. What does it do to the morale? Do you make charges before the civil-service commission and then they are discharged, and they appeal it and come back? Do you lose your effectiveness over them? What does that do to the morale of the organization?

Mr. PRENDERGAST. I think the greater number of captains that would be discharged—I think they would be more careful in the future. That would be my impression.

The CHAIRMAN. I just wondered whether they would say, "Oh, it doesn't make much difference about the commissioner. If he discharges us we will just appeal it."

Mr. PRENDERGAST. I don't know whether any of these captains have \$5 or \$5,000,000. There is no way I can find out.

The CHAIRMAN. Is that important for you to know?

Mr. PRENDERGAST. I would love to know.

Mr. ROBINSON. Isn't there any way that you can find out information in that respect?

Mr. PRENDERGAST. The statistics that I mentioned. You will find some of them here before you get through. They don't talk.

Mr. HALLEY. Some of these fellows have obvious wealth.

Mr. PRENDERGAST. Yes; they have.

Mr. ROBINSON. Is there no way you can check up on their homes?

Mr. PRENDERGAST. I don't believe those homes were purchased during my time as commissioner.

Mr. HALLEY. Of course, but they have them now.

Mr. PRENDERGAST. They have them.

Mr. HALLEY. Who are the people that you know of your own knowledge who live well?

Mr. PRENDERGAST. I know one has a beautiful home. There are captains in my department. I don't associate with them.

Mr. HALLEY. Commissioner, you have the reputation of being a completely honest and hard-hitting law enforcement officer. You have lived in this city all your life, and you know the story. Who are

the men with the rank of, say, lieutenant and higher in your force who must, from just mere observation, have other means of support than their salary?

Mr. PRENDERGAST. I can honestly tell you I don't know. I don't know their private lives. I don't know where five of them live.

Mr. HALLEY. You have mentioned one. Aren't there some others?

Mr. PRENDERGAST. I have a beautiful home, but it didn't cost me much. I paid \$11,500 for it. The other day I refused \$45,000 for it. I have a beautiful home.

Mr. ROBINSON. I don't think it is probably your province to pry into the private lives of the men working for you, but it seems to me there should be some way that you can check to some extent on their accumulation of wealth that would seem to be a little bit inconsistent with the salary they receive as a police captain.

Mr. PRENDERGAST. I am not avoiding any responsibility. I don't want to avoid any responsibility. But up to the time of this reorganization I had the entire police department on my shoulders. When I got assistants, I immediately put them to work.

Mr. HALLEY. How about this fellow Goldberg? Does he appear to have wealth?

Mr. PRENDERGAST. As far as I know, Goldberg lives in a hotel up on the North Side. He owns some property in Arizona, is that it? In Arizona. What he owns out there I don't know. When he got it I don't know. It seems to me that he got that piece of property many years ago. I don't know just when he purchased it. He was out there about a month and a half ago or a month ago.

But I don't know anything about Arizona. I don't know anything about Arizona property.

Mr. ROBINSON. What precinct does he have?

Mr. PRENDERGAST. He is at the thirty-seventh precinct.

Mr. ROBINSON. Is that one of those you consider to be——

Mr. PRENDERGAST. No, no. His district is changing. It is getting to be more of a hotel district. It has changed in the last 7 or 8 or 10 years.

Mr. ROBINSON. Do you have any problem so far as interference with the police precinct captains' activities with respect to the ward committeemen?

Mr. PRENDERGAST. No, sir.

Mr. ROBINSON. Do they attempt to exert any particular pressure on you insofar as the appointment of people to a particular precinct or ward?

Mr. PRENDERGAST. No, sir. I was appointed commissioner under a former mayor, and I told him at that time, "I will take the position as commissioner provided you let me run it, because there is a lot of work to be done." I think we have made vast improvements. In fact, I know we have.

Mr. ROBINSON. Here is another point I would like to discuss with you, Commissioner. I think the mayor touched on it in his statement. What is the extent of your police training?

Mr. PRENDERGAST. We have an extensive training course. Before I took over—do you want to take this off the record for a moment.

(Off the record.)

Mr. PRENDERGAST. It always has been my pet to bring policemen up to standard by presenting an educational program to them. Prior to

my taking over, no captain, no lieutenant, no sergeant was ever given a departmental education, and I immediately started in, and some of the newspapers criticized me because I took the captain out on the floor in a drill hall and I put him through his drills. These captains didn't know the commands. They didn't know how to handle a company. So from that day on, we have had a continuous training program in the police department.

Mr. ROBINSON. You conduct a regular training school?

Mr. PRENDERGAST. A regular training school. It is not conducted entirely by the police department. We call for outside aid and assistance to present different subjects to the policemen. I have a laboratory down there, and I consider it the best laboratory in the world. That is really my pet. Police officials throughout the country and throughout the world drop in to Chicago and say it is the greatest laboratory in the world. When I took over there were 300 cases lying on the floors up there, no reports on them. I called the man in charge. We had the 300 cases cleaned up, and in about 45 days I made another check and learned that he had 29 or 30 cases. Now you get a report from my laboratory in half an hour.

Mr. ROBINSON. What number of policemen are sent from Chicago to the Federal Bureau Academy?

Mr. PRENDERGAST. Prior to my taking over we had two men at the FBI school in Washington, and I have had a man at every session. In fact, the other day I received a message that the Federal Bureau of Investigation wants to take over my last candidate that I had there. They want him to join up with their forces, but I am not going to let him go. He is too valuable to me. When these men returned, prior to my taking over, they were sent to districts. The time, the money and the energy that were spent were just closeted among themselves. I have taken my men who have finished the FBI school and sent them immediately into my training division.

Mr. ROBINSON. To what extent do you have liaison with other police departments of other large cities?

Mr. PRENDERGAST. Just through correspondence, that is all.

Mr. ROBINSON. Is there no exchange of information?

Mr. PRENDERGAST. Very seldom. That is, they come into Chicago on trips for information.

Mr. ROBINSON. Do you keep track in any way of these well-known hoodlums, when they depart from Chicago and go somewhere else? Do you forward any information to the place that you suspect they are going to?

Mr. PRENDERGAST. We do not.

Mr. ROBINSON. There is no watch or anything like that kept on them?

Mr. PRENDERGAST. No.

Mr. ROBINSON. Do you think that there could be improvements in that direction?

Mr. PRENDERGAST. I think there should be a closer friendship between the police departments in the country. You see, when we step outside our city line, we are lost. I really think this bill that you are about to present is going to do a lot of good for a city like Chicago at least 6 months of the year because locally we have in the Chicago area, not in Chicago proper, we have six race tracks, I believe, out on the

outer edges, but they are closed down about this time and they won't open up for about 6 months. I feel that with the passage of this legislation, for 6 months we can center more activity on crime, although as the mayor stated, our crime has decreased in Chicago over 1949. We have as fine a statistical unit as there is in the country. When I took over I called in the Federal Bureau of Investigation and I asked them to send a representative in here to bring up my crime report. I dare say many of these captains were not reporting crimes in order to make it look good for themselves. Now we tell the captain how much crime is in his district.

Mr. ROBINSON. One thing that has come to our attention while we have been here is in connection with the pay-off to policemen. It is entirely possible that a great deal of it is rumor, but it seems to me that it is a rumor that persists. Is there any action that the police department takes? Have they made a thorough investigation?

Mr. PRENDERGAST. When it is called to our attention we make an investigation.

Mr. ROBINSON. How many instances have there been when it was called to your attention?

Mr. PRENDERGAST. Very, very few. The only information we get about policemen accepting gratuities is from the automobilists, when a man driving his car is stopped by a motorcycle policeman.

Mr. ROBINSON. You don't periodically initiate any investigation on your own?

Mr. PRENDERGAST. No. I don't have the equipment. I haven't the equipment. Today I am working with 6,300 patrolmen in Chicago, and I would say about 250 of those men are sick, on the medical rolls, and the different details the mayor talked about this morning. When a Negro family moves into an outside area, an entirely white area, it is necessary to send some 500 policemen out there for 24 hours, not for this building here, but for the surrounding area.

We are very timid and I would say frightened about racial disturbances. If a race riot ever starts in Chicago there will be a tough time. We have I would say over 500,000 Negroes in Chicago and that is what we are fearful of more than anything else. I would say the district from Twenty-second Street to Sixty-first Street, say Sixty-third Street, and from Windsor Avenue to Cottage Grove Avenue, is practically 100 percent Negro. If the Negro takes up arms and tries to move the white out of there, then we will have trouble.

Mr. ROBINSON. Commissioner, you have been with the force and have been commissioner for some time. Would you care to state what you consider to be the defects in the system?

Mr. PRENDERGAST. In my system?

Mr. ROBINSON. And what you would recommend and what you may have recommended by way of improving the system?

Mr. PRENDERGAST. If the city had the financial help, if they could give me help financially, I should have 9,000 policemen in Chicago.

The CHAIRMAN. How many do you have now?

Mr. PRENDERGAST. Sixty-three hundred. In my division alone, I have over 1,000 men, and they are taken off the street. I am a firm believer in the old-time policemen who travels the post. As a youngster, I was born and raised in Chicago. I knew that policemen to travel that beat. If I was out after 10 o'clock at night he wanted to know why. I am a firm believer in bringing back the old-time—not the old-

time, but the old-time method of having the district properly policed with the man on foot, instead of automobile. I am afraid at times we go in too much to create a motorized department. With the size of Chicago, covering 212 square miles and over 3½ million people, closer to 4 million, I would say, with every nationality in the world within our borders, I think in order to do any kind of job at all, me or any other commissioner, we should have at least 9,000 policemen. I think the records last year showed that there were 384,000 broadcasts made out of my central complaint bureau. That is big business. Every one of those broadcasts was in connection with some kind of complaint for crime.

Mr. ROBINSON. Do you think the salary basis is so low that you cannot attract good men?

Mr. PRENDERGAST. I can't attract them. I am losing men every day.

Mr. ROBINSON. What is the rate of your turn-over?

Mr. PRENDERGAST. I would say in the last month and a half I have lost 50 or 60 men who resigned to take other positions.

Mr. ROBINSON. You consider that a high rate?

Mr. PRENDERGAST. Yes, for resignations. Because there was always an incentive for a policeman in the police department. He looked forward to the day when he got his pension. In fact, that is what hooked me into the department. I looked forward to the day when I got my pension. There was a feeling of security. But today they can go out in the field and get more money than a policeman, they can have reasonable hours, work days all the time, they are home with their wives practically all Saturday and Sunday. So the incentive is not there today to join the police department. I think, as the mayor said, with an increase in salary for the policemen we will create a new field. I dare say we have some very fine men in the department, men who are interested in the police department, interested in police work. We have college graduates. I located a boy—I call him a boy—one of my policemen out on the South Side when I reestablished the laboratory, and I learned that he was a chemist. I sent after him, and I said, "I want you to go into the laboratory." He said, "I could never get in there before, but it is my life." Later on I found out, along with being a graduate chemist with a degree, he was also a lawyer and he was working for a patrolman's salary. I have given him a special assignment and a special salary over there.

Mr. ROBINSON. Do you find any deficiencies in connection with the coordination of your department with the office of the sheriff and the State police?

Mr. PRENDERGAST. Of course the sheriff takes care of everything outside of Cook County, and the State police very infrequently come into Chicago.

Mr. ROBINSON. Does your office maintain liaison with those offices?

Mr. PRENDERGAST. We are very friendly. In fact, the head of the Illinois State police today is one of my captains on furlough, Tom O'Donnel.

Mr. ROBINSON. I wasn't speaking so much, Commissioner, of friendship. Is there any mechanical, actual physical liaison with those offices?

Mr. PRENDERGAST. No.

Mr. ROBINSON. In other words, are you kept well posted on what the the sheriff's office is doing and do you keep him posted?

Mr. PRENDERGAST. No; I do not.

Mr. ROBINSON. This is a case of sort of dealing at arm's length?

Mr. PRENDERGAST. Most likely.

Mr. ROBINSON. Do you think that is beneficial?

Mr. PRENDERGAST. Of course, if I have anything that would interest the sheriff, I would immediately acquaint him with it. On the other side, I know that he would do the same with me. As far as the State police are concerned, I don't believe they ever called at my office, except that man O'Donnel, who was appointed head of the State police. Of course, he was one of my captains. I dare say he is a very good captain. I think they made a very good selection.

Mr. ROBINSON. Do you think the low pay of the police is quite an incentive to take money from some of these establishments?

Mr. PRENDERGAST. I would say if they are doing it it is the principal cause.

Mr. ROBINSON. You say that is the principal cause?

Mr. PRENDERGAST. I would say if they are doing it, that is the principal cause, because they have families. I know the mayor is very much interested in seeking funds from some source. He did go to Springfield to try to get some aid from Springfield and was refused.

Mr. ROBINSON. Would you care to make any comment with respect to any problems you have with respect to the courts in Chicago?

Mr. PRENDERGAST. Of course, some of the courts are I think a little lenient.

The CHAIRMAN. What is that, Commissioner?

Mr. PRENDERGAST. A little lenient. Of course, some of the raids—I was on the street myself for many years—some of the raids I made on gambling, houses of prostitution, I know that I didn't have a warrant. When you haven't got a warrant, when you get your evidence illegally, the courts hold in many instances that you have no case. But at least I don't disregard that. I say, make the arrest. You are at least inconveniencing them.

Mr. ROBINSON. That may be true, but let's take a case or any number of cases based on your experience where there was no question about the arrest being illegal, has there been a tendency on the part of the courts to be very lenient so far as the sentencing of gamblers or people running gambling establishments or houses of prostitution and so forth?

Mr. PRENDERGAST. There may be. In my estimation, it is a little bit lenient. Of course I am looking at it as a policeman, not as a judge.

Mr. ROBINSON. Your feeling is that if they were a little stricter in their sentencing, it would be beneficial to your force and not be so demoralizing?

Mr. PRENDERGAST. I would like that. I would love it. I think it would raise the standards of your police department or other departments, the sheriff's office.

Mr. ROBINSON. In other words it wouldn't be so discouraging to the policeman.

Mr. PRENDERGAST. It is discouraging at times. As I said before, I worked on the street. It was mighty discouraging when you worked for maybe 7 or 8 or 10 days on a certain case, then to walk in and the judge say, "Discharged." It is discouraging.

Mr. ROBINSON. Does your office, Commissioner, have any statistics on the number of unsolved crimes in Chicago?

Mr. PRENDERGAST. Oh, yes. For what period?

Mr. ROBINSON. Over a period of 25 or 30 years. I think that might be of some value to the committee on a comparative basis.

Mr. PRENDERGAST. I picked that up. I just made some notes up here [handing paper to Mr. Robinson].

Mr. ROBINSON. I think this might possibly be made a part of the record, Mr. Chairman.

The CHAIRMAN. All right, this will be made a part of the record. These are comparative figures for the first 10 months of 1949 and 1950, showing a decrease of 636 crimes. Is this the number of crimes reported or what?

Mr. PRENDERGAST. Number of crimes reported, sir.

The CHAIRMAN. Let this be made an exhibit.

(The information referred to is identified as exhibit No. 24, and is on file with the committee.)

The CHAIRMAN. What we wanted was over the last 10 or 15 years, the number and the names of any of the unsolved murders, say.

Mr. PRENDERGAST. I can get that for you.

The CHAIRMAN. All right, sir, if you will.

Mr. PRENDERGAST. Ten years?

The CHAIRMAN. I think 10 years would be sufficient.

How long have you been commissioner of police?

Mr. PRENDERGAST. I became commissioner January 1, 1946. It was the only mistake I ever made in the police department.

The CHAIRMAN. When you became commissioner?

Mr. PRENDERGAST. Yes.

The CHAIRMAN. What were you right before you were commissioner?

Mr. PRENDERGAST. I have held every position in the police department. I was patrolman, sergeant, lieutenant, captain, and at one time we had a supervising captain, an office of supervising captain, and I was appointed supervising captain. Later on I was appointed chief of the uniformed force, and then into the commissioner's office. I will say this—and I am under oath here—I have never given anybody a cigar.

Mr. ROBINSON. What is the present salary of a captain on the force?

Mr. PRENDERGAST. \$5,226.

Mr. ROBINSON. Are promotions on the force subject to civil-service rules and regulations?

Mr. PRENDERGAST. Yes, sir.

Mr. ROBINSON. Is there ever any influence exerted on you to get people promoted?

Mr. PRENDERGAST. No. Of course I have passed on very few examinations. My only part in the examinations is creating the efficiency. I gather up my material. Every 6 months we prepare a report which is known as the props report. They are all patrolmen. I took the props reports for 3½ years, and then I took the dismissals, discharges, suspensions, creditable mentions, and one time we gave extra compensation for extra meritorious work, and I drew up a balance from that. I think it was a very fair way.

Mr. ROBINSON. Commissioner, would you care to make any observations about the Drury shooting? I have in mind particularly if you think there is any way that the committee can help.

Mr. PRENDERGAST. I knew Drury. When he was a reinstated man to the department all of my district stations were filled, so I assigned him to murders that were not cleared up. Drury was the most peculiar sort of fellow. I would say he was sort of egotistical in his ways.

Mr. ROBINSON. Is there any particular reason why you assigned him to that function?

Mr. PRENDERGAST. No, I just had him left over. I thought it would be a great thing for him to do, to come back as a new captain after being discharged, if he could go out in the field and clear up some of these murders. That was my thought. In fact, I was giving him something, if I were discharged, that I would just have loved to be given that opportunity on murders that were not cleared up.

Mr. ROBINSON. Do you think he had any particular qualifications for that?

Mr. PRENDERGAST. I never worked with him. He was never assigned to any station that I was assigned to. I thought he could do some work in that field.

Mr. ROBINSON. Was Connelly assigned at the same time?

Mr. PRENDERGAST. Connelly and Drury were together.

Mr. ROBINSON. Did he have any particular qualifications for that assignment?

Mr. PRENDERGAST. They were what I would call a fair team, one progressive and the other standing back looking over the situation. If you place two men together, assign two men together, and if they are both of the same temperament and the same make-up, as a rule they don't make good detectives. I like one slow and plodding and then an energetic man alongside of him.

Mr. ROBINSON. Had they been in detective work prior to that?

Mr. PRENDERGAST. Oh, yes. They had been in the detective bureau for many, many years, I think.

Mr. ROBINSON. Did they ever produce any results?

Mr. PRENDERGAST. Oh, they arrested quite a few around Chicago.

Mr. ROBINSON. No, I mean did they ever unravel any of the unsolved murders, the job to which they were assigned?

Mr. PRENDERGAST. I wouldn't say. I don't know.

The CHAIRMAN. Anything else, Mr. Robinson?

Mr. PRENDERGAST. I would like to make a little statement about this narcotics situation. That is very bad in Chicago, especially among our colored. As I said this morning, the average age of the narcotic user other than colored is about 24. I do know that the armed services won't take the user. We just have to think about it. I did appear before a committee from Springfield, and I asked that the laws be changed in the State of Illinois. I think that will be presented at the next session, making it a felony for any peddler of narcotics to sell to a minor.

The CHAIRMAN. What happened to your recommendation?

Mr. PRENDERGAST. That is in the course now.

The CHAIRMAN. The law was changed?

Mr. PRENDERGAST. No; it is to be presented at the next session in Springfield.

The CHAIRMAN. Why didn't it get past when you had it up before?

Mr. PRENDERGAST. They haven't had a session since then. It is a new law.

The CHAIRMAN. What can the Congress do about the narcotic matter?

Mr. PRENDERGAST. I don't know. I think it is a big question. As was stated this morning, once a user, always a user. In my younger days I knew quite a few users, and I never knew one of them who got away. They may get away from marihuana, and they may get away from morphine, but when they start to cocaine or heroin, they never get away from it. I just dropped that in for some consideration by this committee.

Mr. ROBINSON. Along that line what I was going to ask is, Do you think that your own narcotics squad and the number of Federal agents there are assigned here in Chicago to narcotics is sufficient to cope with the situation?

Mr. PRENDERGAST. I say this about the Federal agents: I don't think there are enough Federal agents in Chicago. As I understand it, they have three or four States to look after. The Federal agents in Chicago should number at least 40. We ran into a lead that led us into the peddler—my figures may be a little wrong on this, but as I recall it, we picked up 37 peddlers one night. Of course we set a zero hour for them and the narcotics agents worked very close with us. At one minute we all stepped in, and we drew in 37 peddlers. I am just dropping that to you because I know what it is going to mean to our American kids.

The CHAIRMAN. Commissioner, I have just two or three very brief questions. Do you want to tell us about any clue as to whether you think our committee work was in any way responsible for the killing of Drury or this fellow Bas?

Mr. PRENDERGAST. I don't think the Drury and Bas cases are associated at all.

The CHAIRMAN. I mean, do you think either one of them—

Mr. PRENDERGAST. At this time I couldn't say. I have 58 men working on those two cases, and if anything develops that will interest the committee I will immediately contact Mr. Robinson.

The CHAIRMAN. We would appreciate it.

Do you have a separate racket squad to get at these rackets which is over the ward policemen, the ward chief, or is everything handled by the ward chief?

Mr. PRENDERGAST. No. We have a detective bureau.

The CHAIRMAN. I mean, do they have city-wide jurisdiction?

Mr. PRENDERGAST. Yes.

The CHAIRMAN. Suppose a ward policeman was accepting graft to protect some gambling in his ward, would this detective bureau automatically and systematically check what was going on in that ward from time to time?

Mr. PRENDERGAST. No. I have a special squad working out of my office consisting of three men. They do my work for me.

The CHAIRMAN. Don't you think that you might have difficulty discovering a situation in a particular ward unless you did have somebody who made a general check over the city instead of just being concentrated in one particular ward?

Mr. PRENDERGAST. If I had the manpower, I would love it.

The CHAIRMAN. It would be a good idea if you had it.

Mr. PRENDERGAST. What I should have in my department is 10 men, trained investigators. That is what I should have, not policemen.

The CHAIRMAN. Just let them range the whole city.

Mr. PRENDERGAST. That is what I need.

The CHAIRMAN. As it is now, you are dependent upon the precinct captain, and if he goes bad, then you are in bad shape in that precinct; is that correct?

Mr. PRENDERGAST. That is correct.

The CHAIRMAN. How about political interference with your work in the police department?

Mr. PRENDERGAST. Not in my work. I have only one boss.

The CHAIRMAN. I mean, are there efforts by politicians of either party or any party to interfere with your work?

Mr. PRENDERGAST. I can answer that question by saying nobody interferes with my work. I work for one man and work for one man alone, and that is the mayor of the city of Chicago.

The CHAIRMAN. How about trying to interfere? Do they try to interfere with you?

Mr. PRENDERGAST. No, no.

The CHAIRMAN. Of course you are speaking for yourself. How about your ward captains?

Mr. PRENDERGAST. I can't answer that.

The CHAIRMAN. Do they report to you when there is an attempted interference by politicians?

Mr. PRENDERGAST. No, sir; none of them ever have. There never has been any report submitted to me either verbally or otherwise.

The CHAIRMAN. They are supposed to report to you if anything like that happens?

Mr. PRENDERGAST. That is right, but they haven't reported.

The CHAIRMAN. Is there a standing order that they should report?

Mr. PRENDERGAST. They haven't reported.

The CHAIRMAN. Somebody this morning indicated that up to about 3½ years ago you could walk in plush gambling casinos right here in the city, but that the situation has changed. What is the difference now?

Mr. PRENDERGAST. The situation has changed in this way, that today they have opened what we call wire rooms.

The CHAIRMAN. You were the commissioner of police 3½ or 4 years ago. How did that get by then?

Mr. PRENDERGAST. No, not since I have been commissioner. Immediately when I took over I started out to knock them over.

The CHAIRMAN. What has the situation changed to, you say?

Mr. PRENDERGAST. Where the newsboy, cigar store, bartender in a tavern will take a bet, and he has a telephone number and he calls up, registers the bet or the wager. That is the reason for all these telephones coming up. The mayor said this morning that in one place over on the West Side we took out 30 telephones. I understand the telephone company, directly associated with the telephone company, removed many more. I reported to the telephone company. My men have orders when they run into telephones or a wire room immediately to call the telephone company. The telephone company sends a representative out there and picks up the phones.

The CHAIRMAN. If you make a charge, then they do remove the phones?

Mr. PRENDERGAST. They have been very cooperative.

The CHAIRMAN. Have they been cooperative all along or just here recently?

Mr. PRENDERGAST. Oh, no, since I took over. I think we have taken out over 2,000 phones in the last—2,039 telephones were removed since 1947.

The CHAIRMAN. You said that some bill would help you with your work if the Federal Government or Congress passed it. Were you referring to at least slowing down the use of the wire service in giving racing information? Is that the bill you were referring to?

Mr. PRENDERGAST. I don't think a gambler can operate—

The CHAIRMAN. Is that the bill you were referring to?

Mr. PRENDERGAST. Yes.

The CHAIRMAN. You think gamblers would have a harder time operating?

Mr. PRENDERGAST. It would help for about 6 months of the year when the local race tracks are closed. The minute the local race tracks open, then I suppose we have another problem.

The CHAIRMAN. We would be glad if you would consider all these recommendations that we are considering and give us any further recommendations about them.

Mr. PRENDERGAST. I have so told Mr. Robinson.

Mr. HALLEY. I have a few questions.

Do you know of any evidence or have you an opinion as to whether the Capone group of gangsters or their successors are still operating in any fashion in Chicago?

Mr. PRENDERGAST. I have no personal knowledge. I have nothing in my reports to indicate that they are.

Mr. HALLEY. Do you believe that there is still such a thing as a Capone syndicate?

Mr. PRENDERGAST. I would say that a certain element may be operating in Chicago and the Chicago area.

Mr. HALLEY. Where would you think they would be operating, in what field? Where would you advise this committee to look?

Mr. PRENDERGAST. Whether it is a subterfuge or not I don't know, but the so-called fellows who are named in the papers and don't bear a good reputation have gone into many legitimate fields.

Mr. HALLEY. Are they in the wire service, the racing wire service?

Mr. PRENDERGAST. I would think they were.

Mr. HALLEY. Were you police commissioner when Ragen was murdered?

Mr. PRENDERGAST. Yes.

Mr. HALLEY. That murder was tied in with the war between the Trans-American and Continental wire services, is that right?

Mr. PRENDERGAST. I think it was; yes.

Mr. HALLEY. Who were the people in Trans-American at that time? Did you ever find out?

Mr. PRENDERGAST. I think I have something on it.

Mr. HALLEY. Were there any of the Capone mobsters in it?

Mr. PRENDERGAST. I think I can get you some information on that. I think I have some information.

Mr. HALLEY. That would be very important information. Would you prefer to give us that information after you have checked your files?

Mr. PRENDERGAST. I want you to know that anything that I have in my files is open to you.

Mr. HALLEY. All I mean is, I assume you don't have it at the tip of your tongue and you want to wait until you find it.

The CHAIRMAN. We certainly would appreciate it if you would give Mr. Robinson what you have.

Mr. PRENDERGAST. Certainly I will give it to Mr. Robinson.

Mr. HALLEY. Commissioner, what other legitimate enterprises do you think the Capone gang is in today?

Mr. PRENDERGAST. I understand some are in the real estate business and some are in the liening business. I understand some of them are in the water business and others are in the towel business.

Mr. HALLEY. Have you a list or could you get us a list?

Mr. PRENDERGAST. I will get you anything you want.

Mr. HALLEY. I mean do you have that information?

Mr. PRENDERGAST. Anything I have. If I don't have it, I think I am in a position to get what you want.

The CHAIRMAN. Do you have a list of the names of people who are alleged or believed to be in the towel business, in the water business and so forth?

Mr. PRENDERGAST. That list was published in the newspapers here shortly after you opened up, and I immediately assigned it to my chief of detectives to make a check on each and every one of them.

Mr. HALLEY. For instance, Humphreys is in the towel business and Ralph Capone in the water business.

Mr. PRENDERGAST. Did you see that?

Mr. ROBINSON. Something was published.

Mr. PRENDERGAST. I immediately checked that.

The CHAIRMAN. Will you have them furnish us for our record what they have up to date?

Mr. PRENDERGAST. Yes, sir.

Mr. HALLEY. Do you have any information at all, Commissioner, about the Mafia?

Mr. PRENDERGAST. No. Years ago, of course, I knew a little about the Unione Siciliano. Was that it?

Mr. HALLEY. We have had some testimony that in Chicago the Unione Siciliano at least took some legitimate and open form as a fraternal organization.

Mr. PRENDERGAST. Years ago I worked at the Chicago Avenue district. That is the district where Harrison is. In those days there was quite an Italian—Sicilian, I will say, not Italian, because I know some very fine Italians in this city. But there was a crowd of Sicilians over around Oak and Cambridge and there were so many deaths over there that it got to be known as death corner.

Mr. HALLEY. Was there such a thing as a Mafia or a Unione Siciliano operating?

Mr. PRENDERGAST. They always referred to it as that. But of course they were all sealed. In fact, one day we had a murder over there, a boy was walking down Oak Street with his father at 12 o'clock noon, and they shot the father down. The boy didn't see anything, the son. I said to him, "That is your father. Please give us something on it." He said nothing. He was walking down the street with his father.

The CHAIRMAN. When was that?

Mr. PRENDERGAST. Oh, that was around 1915 or 1918.

Mr. HALLEY. Do you have any files at all on it?

Mr. PRENDERGAST. We had a squad here known as the Black Hand. I suppose most of those fellows are dead now.

Mr. HALLEY. Are there any left who might give us some information on the Black Hand operation?

Mr. PRENDERGAST. I will check. I think most of them are dead.

Mr. HALLEY. If there are any at all we would like to know about them.

Mr. PRENDERGAST. I will check on it.

Mr. HALLEY. Thank you.

The CHAIRMAN. In that connection, Commissioner, DeLucia or Ricca, whatever his name is, testified that not so very long ago—we could give you the exact street—the Unione Siciliano, which he described as being the fraternal insurance organization, and he paid money into the organization and they got some kind of insurance protection, which did have meetings on occasions, had an office on one of the main streets here where people went and left their money just as if they were operating an insurance company. Do you know anything about that?

Mr. PRENDERGAST. It may be operated, Unione Siciliano, under a legitimate surroundings.

The CHAIRMAN. Do we have the record of the testimony of these fellows taken in Washington?

Mr. HALLEY. Yes, we have.

The CHAIRMAN. Let's get that.

Commissioner, we would be very grateful if you could have your detective force check this place and see if it is still being operated.

Mr. ROBINSON. That would be in DeLucia's testimony.

Did you ever hear of the name of John Bolger or Bulger in connection with the Unione Siciliano?

Mr. PRENDERGAST. It seems to me I have. I heard it in some connection.

Mr. ROBINSON. Do you know who he is?

Mr. PRENDERGAST. I can find out.

Mr. ROBINSON. It is B-u-l-g-e-r.

Mr. PRENDERGAST. That is not his right name.

Mr. KERNER. It is Joseph Imburgio.

Mr. PRENDERGAST. It wouldn't be Bulger.

Mr. ROBINSON. Do you know Phil D'Andrea?

Mr. PRENDERGAST. Just by reputation.

Mr. ROBINSON. Did you ever know his father?

Mr. PRENDERGAST. No.

The CHAIRMAN. Commissioner, here is what Mr. DeLucia said about it:

Did you ever hear of the Unione Siciliano?

Yes, but that has been changed to either the Italian-American Union—

Then he goes on to say that the Unione Siciliano was a society, that when he was in it Joe Bulger was the president, Ferreta was the secretary, and Coccia was something else; that he thinks the address was 111 Washington Street. He said they had a number of lodges in Chicago. He said it is still operating on Washington Street. Before that they were on State Street.

We would appreciate it if you can get any information on that.

Mr. PRENDERGAST. You want a check made on the Unione Siciliano?

The CHAIRMAN. Yes, sir. Or its name may be changed to this other.

Mr. HALLEY. My guess, Commissioner, would be that any files on your old Black Hand squad would be the place where we might find the most interesting information.

Mr. PRENDERGAST. The old Black Hand squad was broken up, I would say, maybe in 1923.

Mr. HALLEY. That is all right. Any arrests, for instance, Black Hand arrests, that you can show us, for instance a group of people arrested in a batch for Black Hand, would provide names that I think would be of great interest to the committee today.

Mr. PRENDERGAST. All right.

Mr. HALLEY. Going back even to 1910.

Mr. PRENDERGAST. You would have to go back to 1910.

Mr. HALLEY. It proved very helpful in Kansas City.

Mr. PRENDERGAST. I would say about 1917 or 1918 is when I was assigned to that district over there. It was my thought I would love to clean up a Black Hand case, but I was never successful. I think I cleared up every other case on the books, but not a Black Hand case. I came close to it several times.

Mr. ROBINSON. I think we would be interested in whether or not Phil D'Andrea's father appeared at that time to be involved in any way.

The CHAIRMAN. Any more questions now of the commissioner?

Commissioner, we appreciate your willingness to get all of this information for us and your appearance here. We will be in touch with you from time to time. If there are any other matters that you think of that will be of help to us, we will welcome your assistance and your suggestions.

Mr. PRENDERGAST. I want you to know that any assistance I can give you will be forthcoming. It won't be necessary to ask a second time.

Mr. HALLEY. I want to say for the record I understand from George Robinson that the commissioner has been most helpful at all times.

Mr. ROBINSON. We have received fine cooperation from him.

The CHAIRMAN. We appreciate your help to Mr. Robinson and this committee.

Mr. ROBINSON. I think as our investigation gets on we will probably be seeing more and more of you.

The CHAIRMAN. Thank you, Commissioner. We will be in touch with you from time to time.

Mr. PRENDERGAST. Thank you, sir.

The CHAIRMAN. All right, gentlemen. We have to move on here.

Mr. Boyle, my associates here say I am always rushing them. Mr. Robinson?

FURTHER TESTIMONY OF JOHN S. BOYLE, STATE'S ATTORNEY, COOK COUNTY, ILL.

Mr. ROBINSON. Mr. Boyle, I think probably it would be informative if you would discuss briefly to the committee what the functions of your office are and how it is organized.

Mr. BOYLE. We operate under the 1870 constitution which I told you about before. The State's attorney of this county handles all

criminal cases, all misdemeanors. We also have a civil branch in which we handle all tax cases in the county. That is, real-estate taxes and personal property taxes. Under this constitution we represent every elected county official, the sheriff, county commissioners, the county treasurer, and I am the attorney for all these elected officials. In addition to that, of course we have the juvenile court where we have assistant attorneys. We have 1121 South State Street Police Building where we have seven assistants. We have the criminal building at Twenty-sixth and California.

As I said before, this county has a population of about 4,700,000 people. In order to give you a picture of the county, if you will forgive me for just a moment, if you can visualize this table as being the city of Chicago within the center of the county, outside in the county, in what we call the country towns, live 1,000,000 people. We have villages of 70,000 population. Each one of those villages has its own police department. They have their own village governments or city governments. The city of Evanston has 70,000; Cicero has 67,000. The village I live in, Oak Park, has about 66,000 people. Then we have Berwin with about 55,000 people. They are really cities outside of Chicago within the county area. We prosecute all cases within the corporate limits of the county. The county has 800 square miles. It is the largest county in the United States. I believe we have the biggest law office in the United States. We have 99 assistant State's attorneys, 24 assigned to civil work, and those civil cases involve cases sometimes as much as \$1,000,000 or \$2,000,000, which go to the United States Supreme Court. We file claims in the Federal court over here on receiverships and bankruptcies, and involving the Chicago Transit Authority. We have had several cases of that type.

Each year our grand jury returns 3,000 indictments on felonies and a few misdemeanors which come from country towns. As I told you, we have a 30-day grand jury. We have a law in this State, under a case which I tried, *People v. Umblem*, which holds that any man charged with a crime must be tried within 4 months from the date of arrest. If he is in jail, he doesn't have to make a demand for trial, but if he is out on bond he must make a demand in writing within that period of time. If you don't try him within 4 months from the date of arrest, not the date of indictment but the date of arrest, then he goes free. We haven't had anybody discharged under that 4-month term. At the beginning of this court term we had 400 indictments pending, which is a little over a month's work. Our conviction rate for the calendar year September 1949 to September 1950 was 92 percent. We got convictions in 92 percent of our cases. That average holds true in the criminal counts.

Under the statute and under the law, the State's attorney of this county is merely supposed to present evidence to a grand jury or he is supposed to present cases to a court or to a jury.

Mr. ROBINSON. In other words, you do no investigative work until a charge has been made.

Mr. BOYLE. That is what the duty of the State's attorney is, but we have gone beyond that. Approximately 40 percent of our crimes arraigned before the chief justice of the criminal court are people who have lived here less than 90 days. Chicago is the greatest railroad center in the country, and the same trains which bring people in for

conventions and business meetings are the same trains that bring you. When Judge Harrington was our chief justice 3 years ago it ran 44 percent. He kept a complete record of that. They had been here for less than 90 days. The police in Chicago don't know who they are or their records until they make an arrest, of course. Then, of course, we have 48 percent of our crime committed by colored people. We have a tremendous colored population here.

MR. ROBINSON. Does your office make any investigation on its own initiative?

MR. BOYLE. Yes; we do at times.

MR. ROBINSON. Is that infrequent?

MR. BOYLE. We have assigned to our office about 76 police officers of the city of Chicago to do investigative work. Of course when we get a case we must investigate it in order to get all the witnesses available for the trial.

MR. ROBINSON. How many officers in the police department?

MR. BOYLE. Seventy-six.

MR. ROBINSON. Under whom do they operate?

MR. BOYLE. They operate under Captain Gilbert, who is our chief investigator.

MR. ROBINSON. He is under your direction?

MR. BOYLE. Under my direction; yes.

MR. ROBINSON. He doesn't come under the direction of the commissioner?

MR. BOYLE. No; he does not. He is loaned to the State's attorney's office and his salary is set up in the county budget. His pay as a police captain is turned back to the city of Chicago. He gets paid by the county.

MR. ROBINSON. That is appointive office?

MR. BOYLE. That is an appointive office; yes.

MR. ROBINSON. By the mayor?

MR. BOYLE. No; by the State's attorney.

MR. ROBINSON. How does your office operate vis-à-vis the attorney general's office?

MR. BOYLE. The attorney general's office handles all appeals with our office. In other words, all appeals of criminal cases where we get a conviction, the attorney general joins in with us, and those cases go directly to our supreme court. Our police department handles that.

MR. ROBINSON. Can the attorney general suspend the activities of a State's attorney so far as any particular investigation is concerned and operate on his own?

MR. BOYLE. I suppose he has that power. He never has that I know of, not here at least.

MR. ROBINSON. Do you know whether he has in other areas where there are State's attorneys?

MR. BOYLE. He has not.

MR. ROBINSON. In other words, he has no supervisory power over you?

MR. BOYLE. No; none at all. We take it upon ourselves to send police out when there are any labor troubles of any kind. I think we have the best labor relations in the country in this area. We recently

had a case where some fellows from the United Electrical Workers started a riot and beat up some men. We indicted and tried them and convicted them.

In addition to the duties of trying these criminal cases which come into our office, we started November 1, 1949, on our own, to go out and make raids on places that had slot machines. Since November of 1949 we have confiscated and destroyed 564 slot machines.

Mr. HALLEY. Would that be a duty that you would take on because other law enforcement agencies failed to do it?

Mr. BOYLE. Yes.

Mr. HALLEY. What agencies would have the first responsibility?

Mr. BOYLE. The sheriff of Cook County is supposed to do that. It wasn't being done and we knew there were slot machines out in the county, so we sent our men out night after night and made these raids and confiscated 564 slot machines. In those cases every time we made a raid the man was fined \$100, and the slot machine was confiscated. We felt a syndicate was operating with these slot machines, at a cost to them of about \$350,000 or \$400,000 during that period of time.

Mr. ROBINSON. Did you find in the course of those raids that the person from whom the slot machine was confiscated was the owner of the machine?

Mr. BOYLE. In many instances we found that was not true. They at least said they didn't own them and they were forced upon them. They won't tell us who brought them in or who serviced them. They walk into court and take their \$100 fine and plea of guilty. They plead guilty.

The CHAIRMAN. Is that the maximum fine?

Mr. BOYLE. That is the maximum fine on first offense. On the second offense you can fine them up to \$500.

Mr. ROBINSON. Is mere possession of the machine illegal?

Mr. BOYLE. Yes. In our opinion, it is; yes.

Mr. HALLEY. Mr. Boyle, after the man has taken his conviction and his fine, and therefore is no longer in jeopardy, would it be legally possible to take him before a grand jury and just make him tell who put the machine in?

Mr. BOYLE. Then he would refuse to testify on the ground he would incriminate himself.

Mr. HALLEY. How could he after he had paid the fine?

Mr. BOYLE. I think maybe we should do that.

Mr. ROBINSON. Would you furnish us with the names of all these men from whom machines were confiscated and who would not tell where they got them?

Mr. BOYLE. Oh, yes. We have their names and the places.

The CHAIRMAN. Give us 8 or 10 of the most notorious ones, maybe second offenders or what not.

Mr. BOYLE. I will give you that list.

The CHAIRMAN. We would like the entire list of course.

Mr. BOYLE. We will give you the entire list. We will furnish you with the entire list.

Mr. BOYLE. In addition to that where gambling was operating in country towns and we would warn them over a period of time to cease gambling, we would also send a letter to the sheriff of Cook County that gambling was operating, and if it didn't stop we indicted

the chief of police. We indicted the chief of police of Calumet City. He was tried by a jury in the criminal court. To give you an idea how jurors react sometimes, he admitted that gambling was going was going on in the city. He said he had a small police force and he had to police the school crossings. Because of the taverns—I think there were 200 in a village of 20,000 people, which paid a license fee of \$400 apiece—because of this income he said they had the lowest tax rate in our county. The people wanted that sort of thing out there and the jury found him not guilty.

Mr. ROBINSON. When was that?

Mr. BOYLE. I can get you the exact date. I don't have it.

Mr. ROBINSON. Approximately.

Mr. BOYLE. Several months ago. We also tried the chief of police—

Mr. ROBINSON. What was his name?

Mr. BOYLE. I don't know whether I have it or not. It is a long Polish name. I think I have it here. Just a minute. I will get that in just a second. We also tried the chief of police of Melrose Park and indicted him. His name was Wigglesworth. That is where this famous Lumber Gardens was supposed to be operating, owned by the DeGrazia brothers. After several warnings he was indicated and tried in criminal court and he was found not guilty. We moved heaven and earth to get conviction in both of these cases. In Cicero we had the chief of police of Cicero before the grand jury, named Martin Wojiahowski. The grand jury told them they were given 10 days in which to clean up Cicero and in the meantime he resigned and another police chief took his place, Christopher Rooney, who is a very good police officer, according to reports. He had been to the FBI school. He was very good, according to reports.

On labor relations out at Cicero, where they had several uprisings, he handled it very well. We sent for him because he didn't suppress gambling in Cicero, and he resigned. We now have a third chief of police in the village of Cicero.

We apprise every chief of police of country towns as to where gambling places are located. My fellows go out, these investigators, and check, and find gambling. It is easy to find it. What they do is ride around and see a bunch of cars parked in front of some tavern in the afternoon. So they pull in and that is where it is. That is where they are getting bets. It is that simple.

Mr. ROBINSON. Isn't it true, Mr. Boyle, that most of the slot machines are manufactured in Chicago?

Mr. BOYLE. That is true; yes.

Mr. ROBINSON. Do you find in the course of your raids any bills of sale from these manufacturers to the place where you raid?

Mr. BOYLE. No.

Mr. ROBINSON. Is it your opinion that these are contraband machines?

Mr. BOYLE. They are contraband; yes.

Mr. ROBINSON. In other words, are they brought from some place outside the State?

Mr. BOYLE. Oh, I don't know about that; no. There is Mills Novelty. Most of them are Mills. Mr. Halley looked at some of them. We had some Jennings. Then we have these great big consoles. They

are probably worth a thousand dollars apiece. We have any number of those.

Mr. HALLEY. Before we pass the slot machines, would you very briefly, because it is a very involved matter, tell the committee about the problem you had in getting testimony from the members of the Tam O'Shanter Golf Club?

Mr. BOYLE. Tam O'Shanter Country Club was supposed to be a private club operated by a man by the name of George S. May. We had rumors that there were slot machines there and there was gambling. So on July 4 we made a raid, and we arrested May and we got 27 slot machines in that place. Then the grand jury sent for the books and records. They refused to bring the books and records. They defied the grand jury. Judge Miner held a fellow by the name of Ryan in contempt of court. He admitted he had the books, but he wouldn't bring them in. He held him in contempt of court and sentenced him to 6 months in jail. In addition to that, he held in abeyance and continued the other cases until next February, with the understanding that whatever outcome this case had in our supreme court he would decide the other cases. Some of those other men were businessmen of high caliber and high standing in the community. They were officers of this club. We know that May owns the golf grounds, the grounds on which the club is located. That is one corporation. Another corporation operates the golf club. They pay him \$75,000 a year for the use of the grounds. He is supposed to have amassed a fortune. During the course of our investigation we also discovered that many years ago he was convicted and sent to the penitentiary for embezzlement. He is supposed to be an industrial engineer and to have a Nation-wide business and to be a very respectable member of the community.

Mr. HALLEY. Is that the May Co.?

Mr. BOYLE. George S. May.

Mr. HALLEY. Is that the George S. May that was convicted?

Mr. BOYLE. Many years ago.

Mr. HALLEY. He was convicted in the Tam O'Shanter case?

Mr. BOYLE. No, no. He is in the Tam O'Shanter case.

The CHAIRMAN. He was convicted of embezzlement some years ago.

Mr. BOYLE. Some years ago; yes. It is something nobody knows anything about.

Mr. HALLEY. Was there any evidence that, while slot machines were not available to the operators of other clubs, the Tam O'Shanter Club was apparently being able to get and keep its slot machines?

Mr. BOYLE. There are a lot of clubs around Chicago, privately owned golf clubs, who own their own slot machines, or did. We felt there was no connection with any syndicate or anything of that kind. They owned the slot machines and they had them in their clubs for their use of their members. I sent letters to all of the clubs and told them it was illegal to have a slot machine and to take them down. That was after there were some hold-ups. Several of them were held up. The pressure was on them so bad when we were taking all these hundreds of machines that they had to get them someplace. So they went out and held up these clubs and took the machines away from them. We tried to trace numbers, but the numbers of all of them had been chiseled off. We keep a record in J. P. courts of the numbers of

all slot machines confiscated by the sheriff as well as our office. He hasn't had many since November, since we started to do this work. I don't know of any that he has had. The numbers have been chipped off of every one of the slot machines.

Mr. ROBINSON. Do you have any suspicious as to who was conducting those hold-ups?

Mr. BOYLE. No; we haven't. We have worked on it for months. There are certain license numbers that we have traced and they are faulty license numbers.

Mr. ROBINSON. Have you any indication at all, however flimsy, that Vogel was in back of it?

Mr. BOYLE. Who?

Mr. ROBINSON. Vogel.

Mr. BOYLE. It is my humble opinion that some syndicate of some sort was in back of it because they wouldn't touch the persons in the place. They wouldn't touch their money or their pocketbooks. They would say, we are not bothering you. We want those slot machines and that is all we want. That is all they took. I guess the theory was that that wasn't robbery.

Mr. ROBINSON. These were the clubs that were owners and operators of the machines?

Mr. BOYLE. Where a group of board of directors ran the club. No individual ran it.

Mr. ROBINSON. The club owned the machines.

Mr. BOYLE. They owned the machines; that is right.

Mr. ROBINSON. That is not the usual practice here; is it, where they own the machines?

Mr. BOYLE. Yes, private clubs.

Mr. ROBINSON. I was under the impression that the usual practice was that outside people took a certain percentage of the operations.

Mr. BOYLE. Nothing like that at all. When they started to move in to take the percentage and also started to take slot machines, then we knocked them down all over the county. All clubs went down.

Mr. ROBINSON. Wasn't it true in the Tam O'Shanter case—

Mr. BOYLE. They didn't go down.

Mr. ROBINSON. That outside people were taking a percentage?

Mr. BOYLE. Yes; it is our opinion that a syndicate or an outfit was operating through Tam O'Shanter Country Club. This fellow Ryan is supposed to be Vogel's fellow. That is why he couldn't bring in the books and records. He had to take a 6 months' sentence instead. He was there to protect the moneys that came in through the slot machines in the Tam O'Shanter Club.

Mr. ROBINSON. Have you ever found anything to support the allegation that an effort was being made to force the sale of that club to anyone.

Mr. BOYLE. No. I heard those stories. They started afterward. There were a lot of stories that started afterward, but that is not true.

Mr. ROBINSON. Have you had any indication that machines have been run in from outside the State?

Mr. BOYLE. No.

Mr. ROBINSON. Mr. Boyle, do you have any knowledge of the Trans-American Co.?

Mr. BOYLE. You mean did I ever represent them? Is that what you mean?

Mr. ROBINSON. Either represent them or——

Mr. BOYLE. Do you mean you want me to answer questions about what I did in the private practice of law before I became State's attorney on December 6, 1948?

Mr. ROBINSON. If you care to give any information.

Mr. BOYLE. Sure, I will tell you. I sent for those records today. From October 8, 1946, to June 9, 1947, I represented the Trans-American Co. on civil matters only; that is, corporation records in Delaware, corporation records that they had to make returns on in Springfield, Ill., and also the drawing of some contracts that they had. The only person I talked to as I recall it was a young fellow by the name of Burns.

Mr. ROBINSON. Is that an Andrew Burns?

Mr. BOYLE. I think that is his name. I haven't got my file. I haven't been able to get it. I went out of the law business a month before I took office. I have had no law practice of any kind since.

The CHAIRMAN. When did you take office?

Mr. BOYLE. December 6, 1948.

Mr. ROBINSON. Did you ever at any time have the records of that company?

Mr. BOYLE. No; I never did.

Mr. ROBINSON. Do you know who had custody of the records?

Mr. BOYLE. I imagine their auditor or their office. I never went to their office. The only time they ever wanted anything they came to my office. This fellow Burns would come to my office and bring papers over, the necessary papers to fill out.

Mr. ROBINSON. Did you ever have any discussions with O'Hara?

Mr. BOYLE. I talked to O'Hara; yes.

Mr. ROBINSON. The secretary of the company.

Mr. BOYLE. Yes.

Mr. ROBINSON. You don't know whether he still has the records or not?

Mr. BOYLE. I don't know anything about them. They went out of business and I never heard any more, never saw them since that day.

Mr. ROBINSON. Did you have anything to do with the dissolution of the company?

Mr. BOYLE. No; I did not. I think I was through as their lawyer before that ever happened.

The CHAIRMAN. Tell us anything about it. We are very, very much interested in that and anything that you can tell us about the company.

Mr. BOYLE. I will. First of all, there was a contract drawn which said if they did business with any person or persons or any corporation that was illegal or broke the laws of any State, any county, or any city, they would immediately cancel the contract. It is my understanding of this company that they did business with certain publications, who in turn sold to other persons, ostensibly bookmakers, but the company itself never sold to any bookmakers that I know of. I have some records here, just a minute.

Mr. HALLEY. Can we get to the nub of the matter?

Mr. BOYLE. I can get the file and bring it in. I haven't much on it.

Mr. HALLEY. Here is the thing——

Mr. BOYLE. That is the only person or persons that I ever represented in my life that had any connection with anything illegal or any connection with any of these so-called syndicates or persons.

Mr. HALLEY. Mr. Boyle, in dealing with Burns, either Andrew or Pat Burns——

Mr. BOYLE. I never met Pat Burns in my life.

Mr. HALLEY. You never met Pat?

Mr. BOYLE. I met Andrew Burns, and he showed me his discharge from the Marine Corps. He said, "They are saying a lot of things about me. Here is my honorable discharge from the Marine Corps."

Mr. HALLEY. You know, of course, the, shall we say rumor, about Trans-American.

Mr. BOYLE. Yes.

Mr. HALLEY. Did you learn anything in the course of your representation which would help this committee——

Mr. BOYLE. If I did, I would tell you.

Mr. HALLEY. In separating the rumor from the truth, as to who actually owned Trans-American and what transpired behind the scenes?

Mr. BOYLE. I will bring in my file.

Mr. HALLEY. I didn't know who owned Trans-American, frankly. I only knew the names of the officers who were listed.

Mr. HALLEY. Did you have reason to believe, which a lawyer might well have and properly have, that there were other people in interest whose name were no divulged to you.

Mr. BOYLE. They never talked to me about it. I never talked to them. They never came to my office.

Mr. HALLEY. Did Andrew Burns act like the fellow who owned the show?

Mr. BOYLE. Yes; he did. I will be very frank with you. He was aboveboard about it. He said he worked—I think he told me he worked for some other racing service.

Mr. HALLEY. Continental, Ragen's crowd?

Mr. BOYLE. Yes. He later went out in the business for himself and this was his business and he was handling it. I asked him about any hoodlums or any members of the syndicate involved, and he said there wasn't any. That is what he told me at that time and there was no reason why he should lie to me.

Mr. HALLEY. Did you represent them at the time Ragen was killed?

Mr. BOYLE. No; I did not.

Mr. HALLEY. Did you represent them after or before?

Mr. BOYLE. Yes; starting on October 8. I understand Ragen was killed in August of 1948.

Mr. HALLEY. Wasn't there considerable investigation by the police department of Trans-American growing out of the Ragen killing?

Mr. BOYLE. They never came to me about it.

Mr. HALLEY. Did you ever see——

Mr. BOYLE. I didn't represent them on any case in which the police were involved. I did not represent them in any courtroom proceeding of any kind. It was merely the making out of these various papers that were necessary, the same as I would with any other corporation. At that time I represented 175 corporations.

Mr. HALLEY. What I have in mind, Mr. Boyle, is whether somewhere some of the things that at that time might have seemed insignificant to you, in the light of what you now know, might acquire significance and that you might by searching your memory think of some of these facts that would help this committee.

Mr. BOYLE. I would be glad to.

Mr. HALLEY. Have you ever seen the statement Ragen made to the police department here about 2 weeks before he was murdered?

Mr. BOYLE. I have a statement found in the vault the other day. It is on my desk and I think that is the statement but I haven't seen it. I haven't read it. I was not in the State attorney's office at that time. I was in the private practice of law.

Mr. HALLEY. You see, in that statement Ragen told the police department he expected to be murdered as a result of transactions growing out of rivalry between Trans-American and Continental. In fact, his position was that an effort had been made to purchase Continental from him, and that he was going to be killed because he resisted them. He named certain members of the Capone syndicate, I believe, the Fischettis, Accardo, and Guzik, as people who had approached him.

Mr. BOYLE. I never met those men. I never met Accardo, Guzik, or, who else, Fischetti. I never met them in my life.

Mr. HALLEY. Of course this committee's problem is to ascertain whether or not those people were active behind the scenes in the Trans-American picture.

Mr. BOYLE. They never appeared in my office, never talked to me on the telephone. I never had anything to do with them.

Mr. HALLEY. There is nothing you know that would help us in any way?

Mr. BOYLE. Unless they were trying to conceal from me the fact that they were interested. I don't know why they would.

Mr. HALLEY. It may be that you just wouldn't have represented them if they did.

Mr. BOYLE. I probably would not.

Mr. HALLEY. For instance, you didn't know the connection Trans-American with the murder investigation of Ragen, I presume?

Mr. BOYLE. I read it in the paper; yes. A man comes into my office to have me represent him on civil matters. I am in the private practice of law and I represented him for a period of about 9 months. The total fees I received for representing them over that period of time was \$2,500. In that year I have a record of what I made. I think I made about forty thousand-some-odd dollars in my law business. By the time I got through paying my tax on this I probably made about 5 or 6 hundred dollars. It was just another corporation so far as I was concerned.

Mr. ROBINSON. What was the date?

Mr. BOYLE. According to my records, which I sent for this noon—a couple of fellows asked me about it out there, and I said I would get my records—October 8, 1946.

Mr. ROBINSON. Did that go back to 1945?

Mr. BOYLE. No, no. 1946. Someone else had represented them. I understand some big law firm in New York represented them in New York.

Mr. ROBINSON. Did you help them incorporate?

Mr. BOYLE. No; I did not. This was after they were incorporated. June 9, 1947, is the last time I ever saw any of these fellows or had anything to do with them.

Mr. HALLEY. Do you have your file here?

Mr. BOYLE. No; I have not. My files are at my house and I will get my files for the committee; yes, sir.

Mr. ROBINSON. You never saw their records at all?

Mr. BOYLE. No; I did not.

Mr. ROBINSON. You didn't know whether they kept any records?

Mr. BOYLE. I assumed that they did. I didn't see them. I never filed any income-tax returns for them or anything at all. I understood they had an auditor who did that. As a matter of fact, I never appeared in court for them.

Mr. ROBINSON. Do you know who their auditor was?

Mr. BOYLE. No; but my record might show it. I suppose he wrote letters giving me a breakdown for the filing of the papers in Delaware. It was a Delaware corporation.

Mr. ROBINSON. That is right.

Mr. BOYLE. Yes. Every so often under those rules of the Delaware law you must file certain statements as to each corporation, and that was done. Also the secretary of state of Illinois insists that you file for a foreign corporation, which this was.

Mr. ROBINSON. Do you know whether Mr. Bernstein represented them?

Mr. BOYLE. Bernstein?

Mr. ROBINSON. In any capacity.

Mr. BOYLE. No; not at that time. If he did, he never told me about it.

Mr. ROBINSON. Do you recall the name of Mr. Samelson?

Mr. BOYLE. No. But I will check and let you know. The name meant nothing to me if it wasn't in a letter. I didn't talk to any man by that name in my life.

Mr. HALLEY. Do you know where we could find Burns?

Mr. BOYLE. No; I don't. I have never seen him since the last day I came down. I have never seen him since. I probably wouldn't even know him if I saw him.

Mr. HALLEY. What sort of services did they need at that time?

Mr. BOYLE. Assistance in filing corporation papers, drawing of contracts. I will have to get the file. As I say, I had other business at that time. In fact, I had a pretty fair law practice, and probably should have stayed in it. So far as the committee is concerned, let me say that since I have been State's attorney for the county I sold a six-flat building that I had a half interest in, and I got \$11,000 for it. There was no mortgage. In addition to that I had an interest in a subdivision that I acquired before I became State's attorney and I sold my interest in that, and after paying the loan to the bank I got about \$8,000. That in addition to my salary has been spent, and, if the committee is interested, they can have any books or records I have. You can have my check book. You can have the key to my safety deposit box and I will give you a note to go and look in it. That is the way I feel about this affair. I never took a nickel in my life. I want to make this statement under oath. I have never taken a nickel in my life. I never allowed these fellows to contribute to my campaign. I didn't take any campaign contributions from any persons that I thought had any touch or any connection with any syndicate of any kind or any gamblers or any lawbreakers. Of course, at that time maybe it was because I was a five-to-one shot and they weren't too interested. The Friday before election a couple of those lawyers called

me up and wanted to see me and I said "No." I didn't wish to see them. That was Brodikin and Bieber, who represent these fellows. I said I wasn't interested and didn't want to see them, that I would rather be defeated than to have help from certain types of people. I am just saying that because this thing may be distorted. Frankly, it was just another law suit, another corporation.

Mr. ROBINSON. Mr. Boyle, this is a question I believe I asked the mayor. Do you think that a person can do a very proper and good investigative job so far as suppressing gambling who engages in gambling himself?

Mr. BOYLE. How do you mean that? If he goes to the track and makes a bet or if he bets on a handbook?

Mr. ROBINSON. Let's take either one.

Mr. BOYLE. Do you want my personal opinion?

Mr. ROBINSON. Yes.

Mr. BOYLE. No; he cannot. As State's attorney, I will not go to a race track and I will not make bets on a handbook, and I have never bet on a horse since I have been State's attorney. I will be very frank with you.

Mr. ROBINSON. Do you think that anyone who is in investigative work, whether connected with the police department or with your office, could do a good job if he was engaging in gambling or wagering himself?

Mr. BOYLE. You mean wagering on horses?

Mr. ROBINSON. Yes.

Mr. BOYLE. He would be suspect, yes, because frankly of these 76 policemen that I have in my office, about 65 of them are young GI's who came out of the last war. Most of them have had training in the Army, and they are doing a pretty good job. If you don't think it is tough to get out and get these slot machines without having these fellows offer by means of bribes, believe me it is tough, because they know every time you take a slot machine it is going to cost them about \$500 including the loss of the slot machines. I know I have honest men who go out on these jobs or I never would have gotten this many machines. I trust them and I know that they are honest and capable. These are policemen I am talking about. Of course we have other investigators at work with them who go along with them.

Mr. ROBINSON. Has this group of policemen who are assigned to your office been equally as energetic in suppressing the bookmaking establishments?

Mr. BOYLE. They have not been, no, because I didn't feel that that was my job. I moved over the line on the slot machines and have taken that upon myself. I write letters to the sheriff on handbooks. Wherever my fellows see a handbook operating, they make a report. I have men working in the county. They work every afternoon. No one knows who they are, but they send me written reports of handbooks operating. I have sent thousands of letters to the sheriff of Cock County telling him about these handbooks operating. I have sent letters to every chief of police. If they don't do anything about it and they are still running, we indict the chief of police. The sheriff at least sends the report back.

Mr. ROBINSON. Is it your feeling that nothing has been done about it?

Mr. BOYLE. Insofar as the sheriff is concerned?

Mr. ROBINSON. Yes.

Mr. BOYLE. I am afraid that is true. He has done some things; yes.

Mr. ROBINSON. Is there any explanation in your mind as to why he hasn't?

Mr. BOYLE. It could be only a suspicion and I don't want to give you that.

The CHAIRMAN. You mean, Mr. Boyle, that handbooks are operating out in the county promiscuously?

Mr. BOYLE. Not any more. We put that Lumber Gardens out of business. Wherever we put pressure on, like in Cicero, they close down. They move around. If I start policing the county and start policing the city of Chicago, I won't be able to try the criminal cases that I have pending in the State's attorney's office, those that come in day after day. We have about 280 murder cases. I think we tried 188 murder cases last year, and they are important cases to this community. We have sex cases, we have vicious rape cases, burglaries, and robberies, and other types of cases.

The CHAIRMAN. Mr. Boyle, I want to ask you just one or two questions. There has been some talk in the paper about Mr. Gilbert. What is he?

Mr. BOYLE. Chief investigator of the State's attorney's office.

The CHAIRMAN. Did you appoint him?

Mr. BOYLE. Yes; I did.

The CHAIRMAN. There has been some criticism of him having so much money or something. I have an open mind on the matter. I don't know about it one way or the other.

Mr. BOYLE. He appeared before the Chicago Crime Commission and offered to bring in his income-tax returns for 10 years and show them where he got his money. He admits he has some money and says that he made it through some public service company of northern Indiana. I am not sure of all the facts connected with it. He is also a great friend of Dan Rice, the grain broker. He has made money with him. He used to live at the Blackstone Hotel.

The CHAIRMAN. What is your opinion about Mr. Gilbert?

Mr. BOYLE. I think he is one of the finest policemen I have ever known in my life.

The CHAIRMAN. Do you have any reason to doubt his integrity or honesty?

Mr. BOYLE. Not since I have been State's attorney. That is what you want to know.

The CHAIRMAN. Yes, sir.

Mr. BOYLE. I told him to go out and get these slot machines and he hasn't fumbled once. There haven't been any tip-offs, and that is important on these gambling raids.

The CHAIRMAN. You said you didn't have any question to doubt him since you had been State's attorney.

Mr. BOYLE. That is all I can go by.

The CHAIRMAN. You had no contact with him prior to that?

Mr. BOYLE. Yes; I did as assistant State's attorney. I was there from 1933 to 1939 as assistant State's attorney for Cook County and I tried a lot of murder cases. He is a very efficient man.

The CHAIRMAN. Did you have any reason to question him prior to the time you became State's attorney?

Mr. BOYLE. No. First of all, let's understand each other. He is probably the most efficient police officer and one of the hardest-working police officers I have ever known. When he gets on a case he works day and night. He works on nearly every murder case we have in the office. He works all night and never stops. He is a terrific worker. He has cracked several cases for us which were supposed to be impossible in these country towns. In one case where two police officers were shot and one was killed, he went out there and took over and solved the case and a man was sentenced to death.

The CHAIRMAN. I have seen it charged—I don't know whether in the paper or in one of these articles that have been written—that since Mr. Gilbert has been in there, there had been no charge made against any of these racketeers like the Fischettis and what not; that none of them had been brought in.

Mr. BOYLE. Not by our office.

The CHAIRMAN. I mean is there any explanation?

Mr. BOYLE. I assume the police department of Chicago would make an arrest first of all.

The CHAIRMAN. You mean you don't operate in the city at all?

Mr. BOYLE. No; I do not because I have confidence in the mayor of Chicago. I have confidence in somebody along the line.

The CHAIRMAN. I just wanted to see the jurisdiction. Your people police all these towns and suburbs out in the county outside the city.

Mr. BOYLE. We do police them.

The CHAIRMAN. It would be your opinion, then, that it would be just because they weren't operating in the county outside the city if none of them had been arrested.

Mr. BOYLE. That is right. They haven't committed any crimes that have come to our knowledge. If they had, of course, we would arrest them and have writs sworn out and have them released afterward.

The CHAIRMAN. Mr. Boyle, how much does your position pay you?

Mr. BOYLE. \$15,000 a year.

The CHAIRMAN. You are elected for how long a term?

Mr. BOYLE. Four years. One thousand two hundred dollars of that is paid by the State of Illinois. Every State's attorney in Illinois gets \$1,200 from the State.

The CHAIRMAN. That is a 4-year term.

Mr. BOYLE. Yes. Then I get \$13,800 a year from the county of Cook. Of course, they take deductions before they give me my check.

The CHAIRMAN. When you ran, did you run with the blessing of the organization here or did you buck them?

Mr. BOYLE. No, I ran with their blessing for the first time in my life.

The CHAIRMAN. We were talking some time back that you had run two or three times, something once before. What was that?

Mr. BOYLE. Well, that goes away back. In 1928 I ran for State representative as an independent and I was defeated. In 1939 I ran for alderman of the sixteenth ward in Chicago against the organization. The regular organization man was ward committeeman and Democratic alderman, had been there for 21 years, and I defeated him. In 1940 I ran against him for committeeman and I was defeated by about 500 votes out of 26,000. In 1942 I handled Paul Douglas' campaign

as an independent candidate for the United States Senate. I was still in the city council at that time. After 1943 I dropped completely out of politics and went into the practice of the law and stayed there until out of a clear sky they asked me to run for State's attorney of Cook County. I say I was surprised and that is the truth.

The CHAIRMAN. In the private practice were you with a firm?

Mr. BOYLE. No, I was by myself. I had other lawyers working for me. I had a list of my earnings here for those years. I ran over \$40,000 each year prior to my taking the office of State's attorney.

The CHAIRMAN. During those last few days in your race for State's attorney there were some people who called you representing these gang elements?

Mr. BOYLE. I assume they represented them because they do represent them in court and have for many years.

The CHAIRMAN. They called you on the telephone?

Mr. BOYLE. Yes, and wanted to come over to see me and I said I didn't want to see them.

The CHAIRMAN. Did you know what they wanted to see you about?

Mr. BOYLE. They wanted to make a donation to my campaign. I said "No," I wasn't interested.

The CHAIRMAN. Did you state their names?

Mr. BOYLE. Lawyers by the name of Brodtkin & Bieber.

The CHAIRMAN. Who did they represent?

Mr. BOYLE. They represented for sometime the so-called syndicate fellows in the courts and gambling cases.

The CHAIRMAN. You mean Capone and Guzik and Fischettis and that outfit?

Mr. BOYLE. That is right.

The CHAIRMAN. I know we all get a lot of anonymous letters. I got one here and I don't know what to do with it. I thought I would read it for the record and turn it over to you or somebody if it would be of any help to you. I think it came in this envelope, October 2, which is here.

Jack (Jake) Guzik and Charles Fischetti ordered Lt. Bill Drury killed. Guzik sent word to his North Side triggermen Dominic Nuccio and two other Dominics (called the three Doms) and Nuccio supplied three shotguns and .45 caliber pistol for job. After killing, killers returned to Nuccio's saloon and hid guns. Everyone knows the Doms' last names. Now go and get them lined up for electric chair. They have good, crooked lawyers known as BB boys.

That has been handled around here. I don't know whether there are any fingerprints on it or not.

I wanted to ask you about the Drury murders. I don't suppose there is anything we can do, but if you have any suggestions about anything that we can do to help we would be very glad to have it.

Mr. BOYLE. We have been working on the thing, as you probably know. I talked to Ricca, Campagna, and Gioe and we did get some answers from them because they had to answer us. Of course, they have airtight alibis for the night of the killing.

Mr. KERNER. I think the committee should probably know that I wrote a letter to Mr. Boyle—

Mr. BOYLE. Yes.

Mr. KERNER. Informing him if he did find anything in the nature of a Federal violation in either of these two killings, if he would inform our office we would try to get the officers of the Federal Govern-

ment in the matter to assist in finding the killers. That was with the wish of the Attorney General of the United States.

The CHAIRMAN. I might say that I called and then sent a telegram and a letter to the Attorney General also. I got a letter back from Howard McGrath that if we found any connection at all, they would be glad to have our report and would take the matter up for appropriate action.

Mr. HALLEY. Mr. Boyle, did you take a statement from an accountant named Brantman?

Mr. BOYLE. I did.

Mr. HALLEY. Did that relate to a certain alleged activity of an attorney representing Drury?

Mr. BOYLE. That is right. Do you want me to tell you about it?

Mr. HALLEY. What was his name first.

Mr. BOYLE. His name was Louis Kutner.

Mr. HALLEY. Will you tell the committee about the statement you took from Brantman?

Mr. BOYLE. Do you want to tell me first of all that I got some information that Kutner knew something about Drury's case? He was Drury's and Connelly's lawyer. So I called him up and told him I wanted to talk to him. I said I want to talk to you. He came out to my office and told me a story that he represented a fellow by the name of Russell and that Russell later denied that he represented him. So I asked him if Mr. Drury was working with him on the Russell matter and he said no, he was not. He told about having contacted Mr. Halley and he was supposed to surrender to Mr. Halley and he got a subpoena from you. I asked him how he came to represent Russell, and it was rather a vague story. He finally gave me the name of Brantman, an auditor. I got hold of Brantman and had him come out to my office and I took a statement from Brantman. Brantman's story was that he represented Russell as an accountant. He also represented Ralph Capone. The other day I asked Ricca and Campagna if they knew him, and Campagna said he did some work for him and also did some work for Gioe. I asked Gioe, and he admitted some years ago he did some income-tax work for him. Brantman said that Kutner called him and told him he could help his client, Russell.

Mr. HALLEY. Would you give the full details?

Mr. BOYLE. Then Brantman said he would like to meet with Kutner in his office and would bring Russell with him. So Russell went over there and met with Kutner and Brantman. I asked Brantman what the conversation was about and he said Kutner told him he could help him, that innocuous questions would be asked and he would be let go.

Mr. HALLEY. Where did this conversation occur?

Mr. BOYLE. In Kutner's office. Brantman said Kutner wanted a \$10,000 fee and in addition to that he wanted between \$25,000 and \$50,000.

When Kutner did come to my office he wanted police protection. He said he wanted police protection. We have six of our policemen, who could be doing other work, guarding him.

Mr. HALLEY. Did Brantman tell you any more about Kutner's relations with Russell?

Mr. BOYLE. He said that Kutner—do you want me to tell you all about it?

Mr. HALLEY. Absolutely. I would like to have a copy of the statement.

Mr. BOYLE. I will give you a copy of both statements. He said that Kutner presumably was talking on the phone to the Senator in the office, putting on an act for Mr. Russell, that he would surrender Mr. Russell and he wanted a subpoena and the subpoena would be sent to the office; that later on Russell refused to accept the subpoena and said he didn't want Kutner to represent him any longer, and about a month later Brantman got a call from Russell and he said to Brantman, "What is the idea of bringing me to Kutner? He is heating me up with the committee and all over the country and I never did any harm to him. I never even hired him. He is not my lawyer and why is he telling these stories about me, trying to put me in jail?"

Brantman said at that time he was a little tough about it, that Russell was very put out about Kutner's activity against Russell, whom he no longer represented.

That is the substance of the statement.

Mr. HALLEY. When the Drury killing came along, Kutner seemed to feel that he also was in jeopardy.

Mr. BOYLE. Yes. He has six policemen assigned to him from my office now, on three shifts. He was very excited and he talked to some friend of his and they said, "You had better be careful." He talks at length, quite a gabby fellow. He goes into flights of fancy about how wonderful he is.

Mr. HALLEY. Did he have any information about any individual that Drury might have been ready to give evidence about or to bring in to testify?

Mr. BOYLE. No.

Mr. HALLEY. Any new name in the picture?

Mr. BOYLE. No. If he did, I will get the statement and give you the statement. It is a complete question and answer statement of both of them. It should help you.

Mr. HALLEY. Where does the Drury investigation stand at this time?

Mr. BOYLE. Lt. Andrew Aiken, the chief of detectives, has been working on it day and night, I know that. He has fifty-some policemen assigned to the Drury killing. Our office has been working on it. I have men assigned to the Drury case. There is an investigator out here now down in Indiana about some fellow who was shot down there, a former inmate of Michigan State Penitentiary, who was a former cellmate of Yaros or Petry when originally arrested. He went down there to get some bullets and ballistics going back to the old Ragen case. They think maybe some connection there is possible. I don't know what Mr. Drury had been doing lately, except that Kutner did tell me he had given a lot of information down in Florida. I took a statement from Connelly also. Connelly told me that Drury in Florida would point out these hoodlums, these known gangsters, who would come down to Florida and was working with a man on the Miami News, is it?

The CHAIRMAN. A boy named Petit.

Mr. BOYLE. Petit, that is right. He gave Petit a lot of information about these fellows. He would go into night clubs and restaurants and look around and find certain fellows and give that information to Petit. Connelly seemed to think that that might have had something

to do with his killing. He mentioned some people in St. Paul. The name was Terhune. I will give you that statement also. He also mentioned a group in St. Louis called the Rocky Gang, some name like that, and he gave me their names. He mentioned a group in Cleveland. He gave me three names in Cleveland of fellows that Drury had been exposing to this newspaper. He said he also worked with this fellow Velie on Collier's magazine.

Mr. HALLEY. Did you ever confront Kutner with Brantman's charges?

Mr. BOYLE. No; I never had an opportunity, but I will.

Mr. HALLEY. Would it interfere with your investigation if he were confronted with those charges here?

Mr. BOYLE. No; not a bit. I think he should be confronted here. I will have those over today if you want them, those statements.

Mr. HALLEY. Thank you.

Mr. BOYLE. Anything else?

The CHAIRMAN. I was just going to say in connection with this we appreciate your telegram. We sent you a telegram, and I told Mr. Robinson to write in more detail. The only thing we had on Drury was that he had written us about employment, which had not worked out. We had some exchange of letters.

Mr. BOYLE. Most of this information that Bill Drury had, unless it was something developed lately, had been printed. This fellow Connelly told me he worked with Leyton Mortimer and he was going to work with him on a new book about Florida, something along those lines.

The CHAIRMAN. As you found out, he furnished a good deal of information to the Cox Newspapers, and this chap Petit—I don't know whether Mr. Drury knew of it or not, but I assume he did—passed on to us a memorandum that Drury had furnished to him. From time to time a chap, Lowery, in Washington, would pass on to me information, something that had come from Drury, about things in Florida and otherwise. That is the whole connection with him.

Mr. HALLEY. As you know, about two or two and a half weeks before the murder, Kutner wrote a letter to the committee, addressed I believe to me, saying that he wanted to bring Drury and Connelly before the committee to testify, that they were his clients and he wanted to produce them.

Mr. BOYLE. He told me the reason he wanted a subpoena was to protect Drury, not Connelly. He wanted a subpoena to protect Drury and he wanted a subpoena for himself. Then they would be under the protection of this committee. That is what he told me.

Mr. HALLEY. I thought you had the full facts, but for your information these are the facts as I understand them, and George Robinson may have certain additional information. Kutner wrote such a letter, but not asking for a subpoena, simply saying, as I recall the letter, that—

The CHAIRMAN. Do we have the letter?

Mr. ROBINSON. I don't recall the letter.

Mr. HALLEY. The letter may be in Washington.

The CHAIRMAN. Let us get a copy of it and give it to Mr. Boyle.

Mr. HALLEY. Kutner will have it, offering to produce two people to testify. The letter was not acknowledged in writing for reasons connected with the fact that certain intimations of the Brantman matter

had come to my attention, but when I visited Chicago I asked Mr. Robinson to get in touch with Kutner. Kutner had been telephoning all day to reach me in Chicago. I did not speak to him but asked Mr. Robinson on my departure to call Kutner. Mr. Robinson was in the process of getting in touch with Mr. Kutner when the murder occurred. Whether there is any connection between the desire of Kutner to bring Drury and Connelly in as witnesses and the murder, I have no way of knowing.

The CHAIRMAN. I thought you called.

Mr. HALLEY. George will bring it up to date now.

Mr. ROBINSON. I did call Kutner, the sole purpose being to tell him that you had been unable to call him and that I would like to talk to Drury. I told him that I would call Drury since I had Drury's number, and arrange for some time to interview him.

Mr. BOYLE. You told me that.

Mr. ROBINSON. I called Drury's house. I didn't reach him but reached his wife. He was to call back at 7:30. I think I passed on that information to you. Kutner called me back later at night, and that is the first time I heard about his asking for protection.

Mr. HALLEY. He hadn't asked for a subpoena. He simply said he wanted to arrange to bring them in to give their testimony to the committee.

The CHAIRMAN. Did he ask you for a subpoena for protection?

Mr. ROBINSON. Not until after the Drury killing.

The CHAIRMAN. He wanted one himself.

Mr. ROBINSON. He was talking mostly about Connelly. I didn't get the indication that he wanted one for himself, although he was a little concerned.

The CHAIRMAN. Yes; he did want one for himself. This happened the following day. It adds to the mystery and what not. Lester Velie called me from New York rather frantically saying that he had been in touch with Kutner, and Kutner was in a terrible shape, locked in his office and afraid to get out.

Mr. BOYLE. I had to send a policeman down to take him out.

The CHAIRMAN. He asked if there was anything I can do. I said, "I don't know a thing in the world I can do." He said, "I think he was trying to help you fellows and you ought to do something to help him."

So Lester gave his telephone number, and said, "If you get a Federal subpoena served on him to appear before your committee, at least that might scare somebody off, that the Federal Government would have jurisdiction. Would you call him up?"

I thought just to get what information he might have I would call him up. So I called him on the telephone and he said he was scared to death. He had been in his office and afraid to get out.

I said, "Well, I have a subpoena written out right here, and I will read it to you."

He said, "Don't read it to me. I will accept it quick."

Mr. BOYLE. I don't know whether he was frightened or was a publicity seeker.

The CHAIRMAN. I said, "I must read it to you," so I read it all to him and made a notation on the back, "Served by having read it." Meantime somebody had been in touch with you, George, to go over

and actually serve one on him, which I think was done. I asked him as of that time what he could tell me about the matter and he couldn't tell me anything on the telephone. I asked him to tell Mr. Robinson or you anything he had to tell so we could help get the matter solved.

Mr. BOYLE. May I say something off the record.

The CHAIRMAN. Off the record.

(Off the record.)

Mr. WHITE. I have one technical question, Mr. Boyle. I am told that Drury was shot not only with a shotgun, but four .45 slugs pierced his head in a row right across through his forehead; is that correct?

Mr. BOYLE. That is not my understanding. He was shot with a shotgun, one .45 slug was in the ceiling of the garage, and the other .45 slug went through the hood of the car. They cut that out and got the smashed bullet. The things that actually killed him were these three shotgun blasts, four blasts, right across the windshield.

Mr. WHITE. You mean buckshot pellets that pierced the windshield or four separate blasts?

Mr. BOYLE. Four separate blasts that made holes about this big around, about an inch in diameter, right in a line, the four of them right through a windshield one after the other. You know these leaden pellets you have in the shotgun. The shotgun is what killed him, and not the .45, as I understand it.

Mr. WHITE. I may be incorrectly informed, but I suggest in case this other story is correct that there were four .45 slugs in his forehead, in a direct line and closely spaced, it would seem improbable that those could have been made by someone firing an automatic pistol, but more likely they would be made by someone firing a machine gun, which of course first is the same as a .45 pistol. If it had been a machine gun it would be a very material point. The Federal Government would have some jurisdiction because it would be assumed that the machine gun was not a licensed one, and, secondly, it would show a greater gang influence than perhaps a pistol would. People who carry machine guns are more closely connected with organized crime than people who carry .45's.

Mr. BOYLE. Shotguns can be a pretty good weapon too.

Mr. WHITE. Yes. I understand two weapons were used, in any case.

Mr. BOYLE. The theory of the police, of Andy Aiken, from talking to him, is that the shots from the .45's were used to keep him in the car, in other words, to drive him in his corner where the fellow had the shotgun. That is their theory.

Mr. WHITE. I suggest if there were four .45 holes, it would merit inquiry as to whether it was a machine gun or an automatic. If it was a machine gun I think it would be worth inquiring into.

Mr. BOYLE. The slugs could have been from a machine gun. They were .45 slugs.

Mr. WHITE. No one saw the gun, of course. Since both guns used the same cartridge—

Mr. BOYLE. Frankly I thought I got a break. A fellow called the Tribune and said he wanted to talk to me about the killing, the vice president of an insurance company. He was walking about a block from the scene of the killing, and he heard the five explosions and about 5 minutes to 7 a man got in a car at the curb and drove off north on Lincoln Avenue, which is about a block away, and as he did a street-car hit him and his car caught on the front step of the streetcar. The

thing that attracted this man's attention was that he tried to get away by swinging the wheel and gunning the car and finally he broke the step of the streetcar off and got away. The streetcar got the license number and it developed he had been in a tavern at that point drinking all afternoon and didn't even remember the accident. We thought we had a red-hot lead and worked a couple of days on that. Of course you run into a blind alley in all cases of this type, but we thought we had something.

The CHAIRMAN. Do you think the possibility of his appearance before our committee or that he was going to talk before our committee is any clue or is that just 1 of 15 or 20?

Mr. BOYLE. That is one of many. The question is: Did he know anything other than that which has been printed in the newspapers?

The CHAIRMAN. Of course in that connection they might have attached a little more significance to his coming before a committee and just telling the Herald American or the Cox newspapers or Lester Velie or Lee Mortimer about something.

Mr. BOYLE. That is true. Of course these names that Connelly gave me are names that he had dug up, having records in connection with these outfits. These men that Drury exposed in Cleveland, in St. Paul, in St. Louis, and spots like that, so-called respectable citizens up to that time, may have had something to do with it. That is a theory, of course.

Mr. WHITE. Does Connelly feel that this association with Drury in any manner now puts him in a precarious position?

Mr. BOYLE. He has a police card. He told me he didn't care whether he had it or not. They told me he sat in a tavern waiting for the police car to come over and pick him up. Connelly said he didn't know what Drury was doing in Florida except what Drury told him. He didn't know anything about these other places except what Drury told him. I don't know whether Connelly is telling the truth or not. He said he didn't see Drury the afternoon of the killing. He talked to him that night, and it developed he was in Kutner's office with him that afternoon.

The CHAIRMAN. We are going to have Mr. Connelly up here. Are there any particular questions that you would like to have us ask him, or any other witness?

Mr. BOYLE. You might find out what Mr. Connelly has been doing for the last several months. I suppose you have read in the papers that his income is \$94 a month, a police pension. The day of the killing he bought a new Oldsmobile car. He is paying \$100 a month on the car. His rent is \$40 a month. He has to live, as well. When you ask him, or try to pin him down as to where he is going to get the money for all these things, he says, "Oh, well, I expect to get a job."

Mr. HALLEY. Drury was in about the same shape, wasn't he?

Mr. BOYLE. At least Drury had some money in his box. He had \$600 in his pocket, and \$1,000 in a box, and he had some stocks and some bonds.

Mr. HALLEY. Is there any truth to the story that a man walked into the Cadillac Co. with him, and Drury turned in his old car and the man paid \$2,000 in cash for a new one for him?

Mr. BOYLE. That statement was supposed to have been obtained by a Daily News reporter. They tell me at the Daily News that they are willing to make an affidavit that he told him that, but now he has

changed his story and it isn't true, that the fellow didn't come up with \$2,000. Of course, I asked him where he got his 1950 Cadillac, and he said "Denemark." This fellow Gioe bought his at Denemark's. Campagna for the first time in his life bought one at Joe Bergl's instead of Denemark's, but he always did business with Denemark before. I don't know what significance that has in the case, but these fellows evidently did business with Denemark when they purchased their cars.

The CHAIRMAN. Mr. Boyle, have any political efforts been attempted to be used on you in connection with the prosecution or nonprosecution of any cases?

Mr. BOYLE. Never, believe me, never. It wouldn't make any difference if they tried, but no one ever has tried.

The CHAIRMAN. That goes for the force that is working under you, so far as you know?

Mr. BOYLE. Oh, yes. If I tell them to do something, I expect it to be done. So far, those orders have been carried out.

The CHAIRMAN. Anything else, gentlemen?

Mr. ROBINSON. I have about four questions I would like to ask.

How long has Mr. Gilbert been investigator for the State's attorney's office?

Mr. BOYLE. Eighteen years.

Mr. ROBINSON. Do you know what he did prior to that time?

Mr. BOYLE. He was captain of police, supervising captain of police. At that time they had districts where they had supervising captains. They would have probably 10 police captains under them, a sort of deputy commissioner.

Mr. ROBINSON. Do you know what he did prior to his position with the police force?

Mr. BOYLE. No, except what I have read in the newspapers. He worked for some union as a business agent, or something. That is what I heard.

Mr. ROBINSON. Do you know anything about where he got his money?

Mr. BOYLE. No; I do not.

Mr. ROBINSON. Do you know whether or not he engages in any gambling activities personally?

Mr. BOYLE. No; I do not, except perhaps betting on elections.

Mr. ROBINSON. That is all.

Mr. BOYLE. Do you mean does he bet the horses? Is that what you mean?

Mr. ROBINSON. Yes.

Mr. BOYLE. I never knew of him to bet the horses. He never told me that, and I don't know of anybody who ever said so.

Mr. HALLEY. Did you ever hear of any testimony or allegation that a Tubb was getting about \$2,000 a month from racketeers?

Mr. BOYLE. That was in the Tribune.

Mr. HALLEY. Was that supposed to be Tubby Joseph?

Mr. BOYLE. I asked him about that, and he denies that that ever was him, that he ever got any money. He has been called Tubby.

Mr. HALLEY. Did he say he was going to sue the Tribune for libel, or anything like that?

Mr. BOYLE. No; he did not. We don't have many libel suits in Chicago.

The CHAIRMAN. You have complete freedom of the press?

Mr. BOYLE. Complete freedom of the press, believe me.

(Discussion off the record.)

The CHAIRMAN. Mr. Boyle, we appreciate very much your coming.

Mr. BOYLE. I would like to put this in the record; and, if you have any objections, say so, and I won't do it. I would like to put in my earnings as a lawyer prior to becoming State's attorney of Cook County, if you don't mind.

1943, fees amounted to \$40,629.01. 1944, \$42,946.32. 1945, \$44,-981.19. 1946, \$34,776.16.

Mr. HALLEY. Is that gross fees?

Mr. BOYLE. Those are gross fees.

The CHAIRMAN. About how much did your expenses run?

Mr. BOYLE. I don't know. I suppose I cleared about \$20,000 or \$25,000.

The CHAIRMAN. How old are you, Mr. Boyle?

Mr. BOYLE. I am 48.

The CHAIRMAN. You are a Northwestern Law School graduate?

Mr. BOYLE. No. De Paul University.

In 1947, \$40,232.71; and in 1948, the least year, for 11 months, \$44,041.45.

The CHAIRMAN. I will tell you, that brings up the question that a lot of people ask me, not bragging. I made a little more practicing law back in the thirties than I make now in the Senate. They ask me why I gave up law practice to get into politics. I am always hard pressed for an answer. So, might I ask you, what did you quit all this for?

Mr. BOYLE. First of all, it is the ego of the man, perhaps. Perhaps, another thing, I probably hoped to be State's attorney of Cook County someday, but never thought that I ever would be. So, I am trying to do a good job, and I think we owe something to the community in which we live, and we owe something to the people with whom we live. Sure, you make a sacrifice when you take public office. Perhaps we like the things that go with the office, recognition in the community and all that sort of thing.

The CHAIRMAN. The nice part, the grandchildren have something to talk about.

Mr. BOYLE. The grandchildren will talk about you, Senator, and be very proud of you.

The only reason I put this in was to show you that any moneys I received from the Trans-American outfit were very nominal, because after I paid my taxes I had nothing left, frankly. That is the only company that I have ever represented in my life, or any persons, that ever had any tinge of any kind, believe me.

The CHAIRMAN. Did they have another lawyer working for them at that time?

Mr. BOYLE. Not that I know.

The CHAIRMAN. Somebody on taxes, or something of that sort?

Mr. BOYLE. They may have. I didn't know anything about it.

The CHAIRMAN. Did you get up their tax returns?

Mr. BOYLE. No; I did not.

The CHAIRMAN. Do you know who did that?

Mr. BOYLE. No.

The CHAIRMAN. You just handled their corporate papers, and what not?

Mr. BOYLE. That is right; that is all it was, frankly, and contracts.

Mr. HALLEY. In writing up these contracts, did you ever deal with anybody on the other side, the people that they were contracting with?

Mr. BOYLE. Yes; several times they would come in and sign a contract, persons who would have some publishing company.

Mr. HALLEY. What sort of people were they?

Mr. BOYLE. Pretty high-class-looking people.

Mr. HALLEY. Do you remember any of the names, or would your records show you who they were?

Mr. BOYLE. I think so. Somebody from Kentucky and somebody from some other places. This outfit folded up.

Mr. HALLEY. The basic problem is to find out who is behind it. Everybody, I might say, including your police commissioner, seems to feel that there was somebody behind that Trans-American.

Mr. BOYLE. They never let me know about it, if there was.

Mr. HALLEY. And, when you go to investigate it, you hit a blank.

The CHAIRMAN. Mr. Boyle, it would be very useful, if you find the file tomorrow, if sometime you could drop by and let Mr. Halley or Mr. Robinson go over it with you.

Mr. BOYLE. I would be glad to cooperate.

The CHAIRMAN. We appreciate very much your appearance, and we will be in touch with you from time to time. Any suggestions that come to you that may be helpful to us, we would appreciate your passing on to us. I wish that you would do this, Mr. Boyle. After thinking it over, give us any recommendations for Federal legislation that might be effective without infringing on the rights of the State and the local community, that might be helpful in the problem of law enforcement. Do you think of some now?

Mr. BOYLE. As I understand now, the wire service is perfectly legitimate and legal.

The CHAIRMAN. That is right.

Mr. BOYLE. It was in 1946 and 1947. It was legitimate at that time. I think if you pass a law preventing the passage of slot machines across State lines it will be a tremendous thing for the local law-enforcing officials.

The CHAIRMAN. It would not help you here in Illinois?

Mr. BOYLE. I think it would.

The CHAIRMAN. You think it would?

Mr. BOYLE. Yes; I do.

The CHAIRMAN. I thought they were all made here.

Mr. BOYLE. A lot of them are made here; most of them are made here.

(Brief recess.)

TESTIMONY OF ELMER MICHAEL WALSH, SHERIFF, COOK COUNTY, ILL.

The CHAIRMAN. Sheriff, we are sorry to have detained you so long. Sheriff WALSH. That is all right.

The CHAIRMAN. Have a seat, sir.

Mr. Halley, will you ask the sheriff any questions you have?

Mr. HALLEY. Will you state your jurisdiction?

Sheriff WALSH. My jurisdiction is Cook County. The sheriff here is still the highest law-enforcement officer in the county. However, the sheriff does not exercise jurisdiction in the municipalities, particularly in Chicago. Cook County has some 91 incorporated towns. There are about a total of 850 police in these incorporated towns, in aggregate number. So the sheriff confines himself, so far as police work is concerned, to the unincorporated areas in Cook County. There are about 450 miles of unincorporated area in Cook County.

Mr. HALLEY. How many men do you have on your force, and how are they distributed?

Sheriff WALSH. One hundred twenty-nine.

Mr. HALLEY. How do you use them?

Sheriff WALSH. Those men are divided into three districts: In the north end of the county, we have a station in Homewood; in the middle of the county, Bedford Park; and in the south end of the county is Homewood, district No. 3.

Mr. HALLEY. How many are available for civil work and how many for criminal work?

Sheriff WALSH. I have 772 employees in my office. Only about one-sixth of the budget is provided for highway police. All the other men are used for process servers, civil and criminal, all the bailiffs in the courtrooms, civil courts and criminal courts. The sheriff is the warden of the county jail. There are 132 men over there. I am also the custodian of the County Building in Chicago, and also the Criminal Court Building on the West Side; and as custodian, I have a large number of employees to do the window washing, floor mopping, elevator operators, and all the work of keeping up those buildings. However, I have only 129 men in police work, and that is all the budget provides for.

Mr. HALLEY. How much road do they have to patrol?

Sheriff WALSH. There is about 450 square miles of unincorporated territory in Cook County. In the last 10 years, I think I told you when you were in my office, the population in Chicago has gone out to live in rural areas, so much so that 60 percent, in the last 10 years, of the population in the country towns has come into the country towns away from Chicago. In other words, Chicago has increased only 7 percent in population in 10 years, and in the rural areas it has increased 40 percent in 10 years.

Mr. HALLEY. Do you use any of your staff for criminal investigation?

Sheriff WALSH. Very little, because of my appropriation. We have no investigators in the sheriff's office at all.

Mr. HALLEY. Would you say, as a practical matter, then, within the municipalities, the municipal officers take care of it, and outside of at least the city of Chicago you have left investigative work to the State's attorney's office?

Sheriff WALSH. To the State's attorney's office and, of course, the various towns and cities in Cook County that have their own police forces.

Mr. HALLEY. You make no effort to do investigative work?

Sheriff WALSH. No; except that we help where we can and assist these other chiefs of police in these towns where we can and when we can.

Mr. HALLEY. You have mentioned that under the law the sheriff is really the highest law-enforcement officer in the county.

Sheriff WALSH. That is correct.

Mr. HALLEY. Has any step been taken or any recommendation been made by you to cure what one might say is the state to which the office has come, with your force so taken up with civil duties, process serving, and things like that?

Sheriff WALSH. Yes; there has. Each year before the budget is passed upon, I have requested an addition 100 police officers which I can put on investigative work and help the general police work. I have been turned down every year that I have gone in.

Mr. HALLEY. Under the budget, are you compelled to use your 600 men for civil work and process serving? Are you unable to take men off that job and use them for police work?

Sheriff WALSH. I could take them off that work, but that load is so heavy, because every lawsuit that is filed in Cook County has to come through my office for service. We have to serve all those civil courts. The lawsuits are piling up here and getting larger in volume every year.

Mr. HALLEY. For instance, when you have an important event like the murder of Drury, an obvious gangster murder, would it be possible for your office to take part in the investigation, since under the law you are the highest law-enforcement officer?

Sheriff WALSH. We could. We don't have enough men to assign to that work because, first of all, we feel that the Chicago police have greater facilities than we have, and we never come into Chicago unless they ask us to, and they have never asked us. So, we confine ourselves to the county, the rural districts.

Mr. HALLEY. In the country, you do not do investigative work; is that correct?

Sheriff WALSH. Only when it pertains to something which we find ourselves in an unincorporated territory.

Mr. HALLEY. Have you been, for instance, picking up slot machines?

Sheriff WALSH. Yes. Since I have been sheriff, we have seized, confiscated, and destroyed approximately, at this date, about 1,450 slot machines.

Mr. HALLEY. As of what date is that, Sheriff?

Sheriff WALSH. I was installed as sheriff in December 1946, and my term expires in about 2 months, December 1. I think my term expires about 2 months from now.

Mr. HALLEY. Have those seizures resulted in prosecution?

Sheriff WALSH. Those seizures have resulted in prosecutions. On probably 95 percent of them we got convictions, and the machines were destroyed.

Mr. HALLEY. They are prosecuted by the State's attorney's office?

Sheriff WALSH. By the State's attorney.

Mr. HALLEY. Have you been active in any other type of gambling investigation, bookmaking, and so on, gambling houses?

Sheriff WALSH. Yes. We have raided approximately 725 books since I have been sheriff, in pretty nearly 4 years, now.

Mr. HALLEY. Do you find, after you raid them, you are able to get convictions?

Sheriff WALSH. Yes, we are able to get convictions on books, but unfortunately, like the slot-machine convictions, all they get is a \$100

fine, and they just spring up again. The books are the same way. We are unable to get any results to have them prosecuted under the repeater section of the statute. It is very difficult to find the same person with the same book the second time, and the State's attorney has trouble in prosecution and getting convictions.

Mr. HALLEY. You get cooperation from him, however, in attempting to do so?

Sheriff WALSH. Yes, we get cooperation from the State's attorney, especially since State's Attorney Boyle got about 75 police from the Chicago Police Department which he is now using in the county to assist in gambling raids.

Mr. HALLEY. Is there still a serious gambling problem in the county?

Sheriff WALSH. I would say not now, not for about a year, since State's Attorney Boyle got these additional police who are assisting now in the slot-machine raids.

Mr. HALLEY. How recently is that?

Sheriff WALSH. How recently? I would say it is over a year.

Mr. HALLEY. Since then, has the gambling decreased considerably?

Sheriff WALSH. Yes. The slot machines now have. When I first came in office, the machines were up on bars in taverns. We have driven them to back rooms. We have driven them to putting them in steel cases, hiding them away, putting them in rooms, rolling them out when they know everybody who is in the place, and rolling them back when they feel somebody comes in that they don't know.

Mr. HALLEY. What would be the situation on horse books at the present time?

Sheriff WALSH. On horse books, they keep springing up. We will make a raid at one location, and the following week they will move 2 blocks away in some basement.

Mr. HALLEY. Where do they get their wire service? Have you made an effort to find out?

Sheriff WALSH. It is usually through their telephones.

Mr. HALLEY. Do you get cooperation from the telephone company?

Sheriff WALSH. Yes, we do. The telephone company has been pretty good about removing phones.

Mr. HALLEY. But they are able to get new phones and spring up again?

Sheriff WALSH. They are able to get new phones in other locations.

Mr. HALLEY. Sheriff, can you give the committee any information on organized crime in Chicago? Have you seen any evidence or do you have any information about the Capone group of gangsters and their successors, in Cook County?

Sheriff WALSH. In Cook County?

Mr. HALLEY. Yes.

Sheriff WALSH. Of course, all that I know about the Capone so-called syndicate, and that group, is what I read in the papers and what I read about what the crime commission has done to reveal their names. I have never come across any of them, myself, in my work in the sheriff's office. You never find those people in these books that we raid. You never find them in the taverns that we raid these slots in. They are never there.

There is some evidence of organized gambling, I would say, because some of these taverns we have raided as many as 9 and 10 times, and got convictions every time, and the slot machines keep coming back

in again. It doesn't seem possible that these places would be able to put those slots up each time unless they had some help from someone else, unless some organization was behind it.

Mr. HALLEY. Have you had any informants or information that the slot-machine business in the county is syndicate-controlled?

Sheriff WALSH. Just by hearsay and general rumors that the slot machines in many parts of the county were organized. We never have been able to get any proof. The owners, when we raid these slots, say they own the machines themselves. There is never any evidence we can ever get, when we make one of these raids, that ties in an organized group.

Mr. HALLEY. Do you make any effort in the county to keep track of the people who are notorious as being the Capone syndicate gangsters, to find out what they are doing?

Sheriff WALSH. We have never made it a practice of doing that, because of the multitudinous duties we have. We have the regular police duties as well as making these raids. We have accidents on our highways. We have burglaries. We have robberies; stolen-car cases. We don't have any investigative staff, which that would require.

Mr. HALLEY. I have no other questions.

The CHAIRMAN. Mr. Robinson?

Mr. ROBINSON. No, I don't think I have any.

The CHAIRMAN. Sheriff, there have been some rumors and statements to the effect that gambling places run out in the county considerably, and that you can drive along and see a place where a lot of cars are, and you can go in and find that gambling is going on in there. Do you have any information about that?

Sheriff WALSH. Would you be talking about a town that has its own police force?

The CHAIRMAN. No, I mean outside of the towns, apparently, some of the taverns.

Sheriff WALSH. If there are any cars around there, our squads are instructed to go in and check on it and see if there is any gambling going on.

The CHAIRMAN. How many such squads do you have or how many men do you have?

Sheriff WALSH. I have Mr. Greene, the chief of my highway police, here, in case you want to ask him any questions. He has been in police work about 16 years.

We have available in each station about three squads. You break them down into shifts and take time off for furloughs and absenteeism and the like, and we have three squads for each station, approximately, on each duty.

The CHAIRMAN. How many stations do you have?

Sheriff WALSH. Three stations.

The CHAIRMAN. You do not undertake to do anything in the incorporated cities?

Sheriff WALSH. No; we do not. I have written about 90 letters to the mayors of towns and incorporated areas, calling their attention to gambling violations which have been related to me, and in some cases we have gone in ourselves and made many raids.

The CHAIRMAN. How about some of these towns? They have had pretty bad enforcement, have they not?

Sheriff WALSH. Yes; they have.

The CHAIRMAN. Do you not think you have a duty, where they have bad enforcement, to go in there?

Sheriff WALSH. We have gone in there, Senator, many times. But our primary obligation is in the unincorporated areas. We have gone into many of those towns.

The CHAIRMAN. How about political pressure on your operations? Do politicians try to get you to lay-off?

Sheriff WALSH. No; I would say I get very little or no pressure from the politicians. I think that is accounted for because of the fact that when I was elected I decided I would have World War II veterans in the highway police department. I was a veteran myself. I made a pledge that I would have veterans in that office and I got veterans in there. I would say that the largest percentage of them don't come through ward committeemen or are men who have an obligation to the ward committeemen.

The CHAIRMAN. You say "the largest percentage." Do you have quite a percent who come through ward committeemen?

Sheriff WALSH. Oh, yes, we do.

The CHAIRMAN. How do they come through?

Sheriff WALSH. The ward committeeman will recommend John Doe for a job as a highway policeman. He comes in the office and is interviewed by my assistant. He is fingerprinted. If he meets our qualifications, and an FBI check is made on him and name checked, he is put on the job and we give him some training.

The CHAIRMAN. Are those Democrat and Republican ward committeemen?

Sheriff WALSH. I am a Republican. I am one of the few Republicans in Chicago in law enforcement. I am encircled around with Democrats, for the most part, here in Chicago.

The CHAIRMAN. Who are some of the Republican ward committeemen we have been hearing about?

Mr. CAHN. Anybody from the river wards?

Sheriff WALSH. I could tell you about that. The river wards are the wards over—some names were mentioned today—Adducci, and Porcaro, and those fellows. They have a few jobs in my office, not very many. I gave them a kind of rough time because of the fact that they were not for me for sheriff. They were against me for sheriff. I ran for county treasurer in the primary last spring, and they were against me again, all that same group. So they didn't benefit by me being in office very much, from the patronage standpoint.

The CHAIRMAN. You say "very much." How much did they benefit by your being in office?

Sheriff WALSH. They got about, I would say, about as much as the other ward committeemen. In other words, they got maybe a third less than the others did. Of course, an elected Republican committeeman is entitled to some patronage, but they didn't get very much from me.

The CHAIRMAN. Is your office run on a patronage basis?

Sheriff WALSH. Yes, it is. It is not civil service. It is on a patronage basis. And when my term expires in December and a new man comes in, ostensibly there will be a complete turn-over of employees.

The CHAIRMAN. You mean you turned them all over when you got in?

Sheriff WALSH. Yes. I took over from a Democrat. The previous sheriff was a Democrat. When I came in office, I weeded out, I would

say, 90 percent of the men he had in his office. I kept about 10 percent of them, who were unusually good, I thought.

The CHAIRMAN. That is a pretty bad business, is it not?

Sheriff WALSH. It is a bad business. It shouldn't be done. It should be civil service. I am in favor of civil service——

The CHAIRMAN. What would it take to make it civil service?

Sheriff WALSH. It takes an amendment of our State constitution.

The CHAIRMAN. Can you not just pass a law in the legislature?

Sheriff WALSH. No, they can't do that here. They have to amend the constitution.

The CHAIRMAN. Do you have civil service for the county?

Sheriff WALSH. That is right. Because the sheriff's office is a fee office. I got an opinion on that when I was first elected.

The CHAIRMAN. How are you paid, by salary or by fee?

Sheriff WALSH. I am paid by salary.

The CHAIRMAN. How much do you make?

Sheriff WALSH. \$9,941 a year.

The CHAIRMAN. Do you get any fees in addition to that?

Sheriff WALSH. No fees in addition to that.

The CHAIRMAN. How about your patrolmen, your deputies, are they all paid by fees?

Sheriff WALSH. They get \$260 a month. They are paid the same way I am. None of them are paid on a fee basis.

The CHAIRMAN. Where do the fees come in?

Sheriff WALSH. The fees come in because the lawyers pay fees for the services of summons. It is called a fee office.

The CHAIRMAN. Oh, yes. If the fees make it, all right. If they do not, you get your salary anyway?

Sheriff WALSH. We get our salary anyway.

The CHAIRMAN. Is there any effort on the part of these racketeers or gangster elements to prevent you from being a candidate again for sheriff?

Sheriff WALSH. I couldn't succeed myself, Senator, in this job. You cannot succeed yourself here anyhow for sheriff. I ran for county treasurer here, and the so-called river wards, West Side wards, were all against me when I ran for treasurer.

The CHAIRMAN. Did you get nominated?

Sheriff WALSH. I was not nominated. I was defeated.

The CHAIRMAN. So the river wards seems to be pretty powerful.

Sheriff WALSH. They were against me. They were against me when I was elected sheriff, too.

The CHAIRMAN. Mr. Boyle said he wrote a letter to you, and also to the police departments of all of these cities in the county, about handbooks, and that nothing much had been done about it.

Sheriff WALSH. I would say that seven-hundred-and-some handbook raids is the best answer to that, Senator. That is what my record shows, and Mr. Boyle prosecuted all those cases. He should know.

The CHAIRMAN. Maybe I did not state his testimony correctly. I do not want to cause any misunderstanding between you and Mr. Boyle.

How about Guzik and the Fischettis and these people? Have you gotten them on any charges?

Sheriff WALSH. No; we never have. I don't even know them. I wouldn't know them except by what I read in the papers about them. I am new, of course, in public life and politics. I just came in when

I got out of the service and was elected sheriff. Those names have been names that I have heard for 15 or 20 years, 25 years.

The CHAIRMAN. But you never came across them?

Sheriff WALSH. I have never come across them.

The CHAIRMAN. How about the Mafia or the Unione Siciliano?

Sheriff WALSH. I have never come across them at all.

The CHAIRMAN. Do you and the police department here in the city have liaison where you work together, or do you each go your own way?

Sheriff WALSH. We have liaison. Mayor Kennelly was kind enough to assign one Chicago policeman to me, and that one Chicago policeman is the liaison between my office and Commissioner Prendergast. If we have anything, if I get complaints on anything in Chicago, I give it to him and he turns it over to Commissioner Prendergast.

The CHAIRMAN. Do you have any method of working out or exchanging information and reports?

Sheriff WALSH. Yes. I have talked to Commissioner Prendergast many times about complaints I have received.

The CHAIRMAN. I do not mean talking with him. I mean do you send him information about reports?

Sheriff WALSH. No. If I get a letter, if I were to get a letter, I will send the letter to him, about some gambling in Chicago.

The CHAIRMAN. Then how about the State government? Do you have any system of exchanging information with their State enforcement agency?

Sheriff WALSH. We have nothing particularly set up, except that the lieutenants and my chief are in touch with the State police, and they cooperate with us very well.

The CHAIRMAN. But you do not send the State all your information, and they do not send you all of theirs?

Sheriff WALSH. No.

The CHAIRMAN. Are there any efforts at paying off you or any of your people, or trying to bribe you to cooperate?

Sheriff WALSH. I have never been approached, nor do I know of any of my people who have been approached. I have let some people out of my office because I suspected that they might be taking money, shaking down people and the like, but I have no information that any of my police have ever taken any money, nor have I ever told any of my police to let a place go.

Mr. HALLEY. Can you get a high type of law-enforcement officer for \$260 a month without any tenure, and with the full expectation of being turned out of office at the end of the term?

Sheriff WALSH. I would say it is very difficult to do that, Mr. Halley, very difficult. I think civil service, if it goes through here, and the Gateway amendment is passed which will probably open the door for civil service, it will do a whole lot for the police department. There has been some talk here of consolidating all the police forces in the county, which I think might have some merit. That means to have all the police in all these towns, 850 in aggregate number in all the various towns, and the sheriff's police and the State police, consolidated in one group, where there would be no divided authority. That has some possibility of being worked out, and the civic federation has been talking about that for the last couple of years. That may be the answer to it.

The CHAIRMAN. That sounds like something that is worth looking into.

Sheriff WALSH. That is right, sir.

The CHAIRMAN. Any other questions, gentlemen?

Mr. Cahn, did you have some things written down there?

Mr. CAHN. No, thank you.

The CHAIRMAN. George?

Mr. WHITE. No.

The CHAIRMAN. Mr. Robinson?

Mr. ROBINSON. No.

The CHAIRMAN. Sheriff, we would be very glad to have you consider the problem that we are looking into, and have you make any recommendations that you think of where the Federal Government could be of assistance, any laws that might be amended or passed that would help with the local law enforcement problems. I think we sent you a letter.

Sheriff WALSH. Yes; I received it.

The CHAIRMAN. I do not know whether I got an answer from you, or not.

Sheriff WALSH. Yes; I wrote an answer.

The CHAIRMAN. If you think of anything else, you let us know.

Sheriff WALSH. I suggested in the letter about the telephones being taken out of books and slot machines.

The CHAIRMAN. I think at this point we might make the sheriff's reply to our letter a part of the record.

Sheriff WALSH. I think I sent in two letters.

The CHAIRMAN. Yes.

(The letters referred to are identified as exhibit No. 25, and appear in the appendix on p. 1381.)

The CHAIRMAN. Thank you very much, Sheriff Walsh.

Sheriff WALSH. Let me know if I can be of any help later.

The CHAIRMAN. Thank you.

(Brief recess.)

TESTIMONY OF OTTO KERNER, JR., UNITED STATES ATTORNEY, NORTHERN DISTRICT OF ILLINOIS

Mr. HALLEY. Mr. Kerner, would you state to the committee, for the committee's record, what you can add to the picture you have already heard, of law enforcement in Cook County?

Mr. KERNER. In my 3½ years as United States attorney in this district, to my knowledge law enforcement locally has been as good as the law allows it to be.

We in our office have worked with the State's attorney, and in the many matters where there is concurrent jurisdiction we have worked in cooperation.

In recent months, for example, is the Brinks murder case, in which the defendant, Jakalski, was tried twice for murder, and Tamborski was tried once for murder in one of the cases against Tamborski, but they were not successful, and we returned an indictment here for aggravated bank robbery. The State's attorney relinquished jurisdiction of the case in order that the Federal jurisdiction may take over under the Federal banking laws.

There has been a series of cases which either he has relinquished jurisdiction or we have, where we thought that justice would be swifter and the punishment more certain and probably more severe.

Mr. HALLEY. Is your cooperation with the State's attorney good?

Mr. KERNER. Yes, excellent, I would say; excellent. I have never received any harassment nor has any hurdle been placed in our way in any case that we took over, and I think that Mr. Boyle would probably say the same about our office.

In the 3 years, I would estimate that in criminal matters the county and the Federal Government have had approximately 500 or 600 cases in which there was concurrent jurisdiction, such as stolen automobile cases, robbery cases, cases generally of that nature. Whenever I have requested any information of Mr. Boyle in the furtherance of any case in which there was concurrent jurisdiction or in cases where we have sole jurisdiction and we thought the State's attorney would have information about it, they have willingly turned it over to us.

For instance, yesterday morning an assistant State's attorney called me and stated that he had a couple of men in his office who knew the whereabouts of Matt Capone, the alias he was using, that of Hunter, where he was located. That information, I turned over to the United States marshal, since I presumed he might have subpoenas from this committee; and I read by this morning's papers that Matt Capone was found, and I presume that it was based upon that information.

That, I say, is typical of the type of cooperation that I have had from Mr. Boyle.

As to my experience with certain of these named individuals whose names I have seen in the paper, such as Accardo, Bernstein, and certain hoodlums located in other parts of the United States, my only contact with them, of course, has been strictly a legal one. As you probably know, and as the record will show, the parole warrants against three of the parolees, Campagna, Gioe, and DeLucia, were issued out of this district. Campagna and Gioe were sent off to the Atlanta Penitentiary. DeLucia fought the Government on that matter through a petition for a writ of habeas corpus, and was successful both in the district court and in the Court of Appeals for the Seventh Circuit.

At the time we learned that there might possibly be grounds for a parole revocation, a Federal grand jury was given all information concerning the doings of these parolees; and all of the parolees, Campagna, Gioe, DeLucia, and D'Andrea, were before the grand jury. We sought information both as to the manner of obtaining their paroles and also as to their conduct since the paroles were granted, and I was impressed by the fact that names such as Vogel or Ricca from New York showed up, names like Tony Gizzo from Kansas City, and there was an admission, both by the parolees and by Gizzo, that they knew each other, and apparently knew each other through attending race tracks and various sporting events, betting, and things of that nature.

I also was impressed by the fact that members of the parolee's families, on visiting Kansas City, in their visits to Leavenworth to visit their husbands, were pretty much taken care of, their wants taken care of, transportation, were taken care of by Tony Gizzo or some employee of his.

The telephone company, of course, provided to us, on subpoena, the telephone reports or billings in the homes of these parolees, and that

is where I noticed that there were telephone calls to and from Vogel to Ricca in New York, which shows at least an acquaintanceship or friendship between these individuals. At that time I talked to Virgil Peterson about it, and Mr. Peterson and I had several conversations and luncheons at which we discussed this apparent tie-up among the hoodlums or the hoodlum element in the Chicago area with elements throughout various parts of the country.

In that parole investigation, of course, we had very many FBI reports, and the names of many hoodlums throughout the country showed up in those reports, and of course, the names of many innocent people as well, who had nothing to do with it and who were perfectly good, reliable business people or professional people.

At that time, I concluded in my own mind, certainly, if there was not a syndicate or Mafia or some organized group throughout the Nation, certainly they were on more than just friendly speaking terms with one another, and the theory of Mr. Peterson that there was a national group working together loomed in my mind as a good probability or possibility.

During the conduct of that grand jury investigation, I received no direct evidence, that would stand up in a court of law, that there was any such organization. Also, the records of this court will show that an indictment was returned against Tony Accardo and Eugene Berustein for violation of old sections 80 and 88 of title 18. One, title 80, of course, is the old section of title 18 before September 1, 1948, which made it a crime to deprive a Government agency or official of exercising its judgment. Title 88, of course, is a general conspiracy clause. Under that indictment, Tony Accardo and Eugene Bernstein were tried in this court, and a jury found them not guilty of a violation of either section, title 80 or 88.

Mr. HALLEY. To what do you attribute the acquittal?

Mr. KERNER. The jury—for what reason, I cannot answer, because I don't know.

Mr. HALLEY. Was an FBI investigation made of the jury?

Mr. KERNER. No, an FBI investigation was not made of the jury, because I was convinced that the jury, in my mind, were above suspicion, and they in their own mind, I am certain, did a very conscientious job. I remember particularly the fact that that jury went out, I believe, on a Friday, and stayed out overnight. They came back and asked for reinstructions by the court, and then went back. I did learn that several people, I don't recall the exact number, I think running three or four, wished to find the two defendants guilty. The balance of the jury were voting for not guilty.

Mr. HALLEY. Did you ever find the reason? Did they feel that there just wasn't a crime involved?

Mr. KERNER. Several of the jurors told me that after the testimony of Gordon Hunter, of Leavenworth Penitentiary, that he would have allowed Accardo in the prison even if he knew his real name, and that, coupled with the instruction that was presented by the defendants' counsel that if the jury believed that the warden would have let them into the penitentiary regardless of what name they used, they should find the defendants guilty, on that basis they said they changed their vote and did not hold out for a guilty verdict, and voted with the majority of the jurors under what we call the shotgun or the Adams instruction.

Mr. HALLEY. Did you look into the counsel that they employed in obtaining their parole, and the fees paid for the parole?

Mr. KERNER. Yes. All of that was investigated. The only person whom we did not have before the grand jury was the president or the chairman of the parole board, who died just about the time that we were beginning our grand-jury investigation. I have forgotten his name offhand, but he came from Mississippi. All the other parole board members were before the grand jury.

We, of course, asked the questions, and the grand jurors were free to ask questions of them at any time, which they did. As a matter of fact, Dr. Killinger, who is now chairman of the parole board, was appointed during the pendency of that grand jury, which lasted approximately 17 months intermittently, off and on, and even Dr. Killinger appeared before that grand jury and testified.

Mr. HALLEY. Did Hughes testify?

Mr. KERNER. Yes; Maury Hughes was subpoenaed and he testified.

Mr. HALLEY. What was his story, in effect?

Mr. KERNER. His story, in effect, was the same story that was given by him before the congressional committee in Washington, that some chap came to his office, his law office in Texas, and said that he wanted him to intervene in the matter and obtain a dismissal of another indictment pending against these same defendants in the court in the southern district of New York, and he asked the sum of \$15,000 for those legal services. That he did proceed to New York, and that the indictment was dismissed. He was not certain whether he caused it or whether the policy of the Department of Justice caused the dismissal of that indictment. That he was paid originally the sum of \$1,000 in a hotel here in Chicago, in \$100 bills, and that after the indictment was dismissed he received the sum of \$14,000 in cash in New York City, which he then took to the Hibernia Bank—is there such a bank in New York City?

Mr. HALLEY. Yes.

Mr. KERNER. And there changed the bills into a cashier's check. He could not identify the individual. He didn't have the individual's address. The name that was given was an Irish name. I don't recall it at the present moment.

Mr. DEVEREUX. Ryan.

Mr. KERNER. Ryan. He stated that the individual didn't look like an individual who would naturally bear the name of Ryan; that he was swarthy in color and looked to be of Mediterranean descent, but he never received any telephone number from this man or any address.

This individual always contacted him, and he never contacted him, nor would he ever be able to contact him. He was unable to give any identification to the grand jury as to who this Ryan individual might truly be.

Mr. HALLEY. Did Dillon testify?

Mr. KERNER. Dillon did testify. We had difficulty in obtaining service on Mr. Dillon. We had a subpoena out for him. We were not able to find him at his home or his office in St. Louis, and we received various reports that he was traveling in and about the country, New Mexico back to St. Louis and out East.

We finally did locate him in Brookline, Mass., a suburb to the west of Boston. As soon as I found that out, I got in touch with the marshal

in Boston, who served a subpoena card upon Mr. Dillon, and Mr. Dillon then reported here to Chicago. Mr. Dillon did appear before the grand jury and testified.

Mr. HALLEY. Did you ever ascertain who made the contact for these people with Dillon?

Mr. KERNER. Yes. Mrs. Campagna testified that she went to Dillon through Willie Heeney, through Putty Nose Grady, and was sent to Dillon through that means, that channel; and that she employed Dillon to intervene on behalf of her husband, I am not certain whether she said on behalf of DeLucia as well, but certainly on her husband's behalf before the parole board; and that he received the sum of \$10,000, which check we had in our possession, and as an exhibit, before the grand jury, a \$10,000 check made out by the First National Bank of Cicero, I believe that is the bank. I believe it is located on the northwest corner of Cicero and Cermak Road in Cicero; no, Austin and Cermak Road.

Mr. HALLEY. Who brought Hughes into the case? Was Dillon the counsel of record handling the matter?

Mr. KERNER. Dillon was the counsel before the parole board. Hughes' name never came into any matter, so far as the parole was concerned. Hughes' only appearance in the matter at all was his appearance in the southern district of New York to obtain the dismissal of the other pending indictment, which had not been tried and was left pending after the extortion trial or the antiracketeering indictment was tried successfully.

Mr. HALLEY. Where did Bernstein fit into the picture?

Mr. KERNER. Bernstein fitted into that picture in only one instance—no, in several instances. Bernstein, from the testimony of DeLucia and Campagna, was their tax attorney, and he appeared and did visit Campagna and DeLucia while they were incarcerated at Leavenworth, and I am not certain at this time whether he also made a visit or two, I believe he did, while they were incarcerated at Atlanta. He made a number of visits to Leavenworth, and on one of these visits to Leavenworth he was accompanied by Tony Accardo, who used the name of Joseph Bulger, which is the same name which was raised earlier in the session. His name previously was Joseph Imburgio. He at one time, I understand, was mayor of Melrose Park, an attorney, and also the same Joseph Bulger who was mentioned by DeLucia, I believe, before your committee, as the president of the American-Italian Society. Bulger—rather, Accardo, using the name of Bulger in signing the register of the visitors at Leavenworth Penitentiary, entered Leavenworth Penitentiary and visited with Campagna and DeLucia at the same time they were visited by Bernstein.

I believe there were several of those visits. I don't recall the exact number. I would say my best recollection at the present time is not more than four. There was more than one, but I don't believe more than four.

The grand jury indicted Accardo and Bernstein on those charges, and that is the indictment I spoke of before.

Mr. HALLEY. Did any of the lawyers figure in the parole picture?

Mr. KERNER. To what lawyers do you have reference, Mr. Halley?

Mr. HALLEY. Representing Campagna, Ricca, and Gioe.

Mr. KERNER. No; the attorneys that represented Accardo and Bernstein in the trial of the indictment here were George Callahan and

another lawyer whose name just temporarily slips my mind. I have known him and met him when I was practicing law privately as a foreclosure lawyer, a real-estate lawyer, a general civil lawyer in the local courts.

Mr. HALLEY. At the moment, I have in mind, rather, the proceedings to obtain the parole.

Mr. KERNER. The only attorneys who came to our attention who figured in the parole at all were Dillon and another lawyer from North Dakota, whose name I don't presently have in my mind.

Mr. ROBINSON. A lawyer from North or South Dakota represented Phil D'Andrea.

Mr. KERNER. He represented Phil D'Andrea alone, and he was brought into the matter, as I recall, by Phil D'Andrea's brother, who interested this lawyer up in the Dakotas to intervene on Phil D'Andrea's behalf.

Mr. HALLEY. Wasn't there any evidence of political pressure being brought to bear to obtain the parole?

Mr. KERNER. No; not from any evidence or testimony that we had; absolutely not.

Mr. HALLEY. Was the situation one in which, unless the parole board was misled, a parole would ordinarily be expected to be granted?

Mr. KERNER. Let me say that in my experience in the last 3½ years, normally—I am speaking only of my experience in these years—parole is normally granted to Federal prisoners upon their completion of a third of their sentence, if they have proved to the prison authorities that they are rehabilitated in their minds and have been good prisoners. That, I say, is the normal procedure in my experience. The only prisoner sent away from this district who was not paroled at the expiration of one-third of his sentence was William Johnson, who was convicted in this court before I came in here, I believe in the middle forties, for income-tax evasion. As I recall, the newspapers wrote some matters about that. A third of his sentence expired at or about the time this parole jury was in session. It is my personal opinion that that had a great deal to do with his not being paroled at that time. He has since been paroled, and only recently settled with the Treasury Department on the taxes that they thought were due on his income-tax return, which was not handled by my office.

Mr. HALLEY. Was the parole of these people recommended by the prosecuting attorney?

Mr. KERNER. I do not know. You see, these defendants were indicted and tried in the southern district of New York. I understand that the judge at the time of the sentence advised by letter that these men should not be considered for parole. I believe that the prosecutor was Mr. Kostelanetz, and I don't recall whether he was even asked for his recommendation. I don't know.

Mr. ROBINSON. I believe he was, and both he and Judge Brighton were rather violently opposed to it.

Mr. HALLEY. Was the jurisdiction of your grand jury connected with the parole, or with the visits to the prison under the assumed name?

Mr. KERNER. No; it was started to investigate the granting of the paroles, but during the course of which we found out that Accardo and Bernstein visited the penitentiary, and Accardo under the name of Joseph Bulger.

Mr. HALLEY. Did your grand jury come after the congressional investigation?

Mr. KERNER. As to point of time, I would say they were almost simultaneous. I think the congressional hearings started maybe a few days, maybe a week before, about that period of time.

Mr. HALLEY. Were you able to get statistics on whether the Parole Board made a practice of granting paroles over the objection of the trial judge and the prosecuting officer?

Mr. KERNER. No. I have no experience in that whatsoever. I don't know what their practice is.

Mr. HALLEY. What did the two members of the Parole Board who came before the grand jury have to say about it?

Mr. KERNER. One of them, Mr. Rogers, I think was the one who interviewed these parolees. He had been assigned the circuit for that parole hearing. He interviewed them and said he made his report back. Mr. Monkiewicz, the other member of the Parole Board, did not interview them, but sat in at the time the parole interviews were considered by the three members of the Parole Board, Judge Wilson, Mr. Rogers, and Mr. Monkiewicz. I believe he comes from Connecticut.

Mr. HALLEY. Did they conclude that the case for parole was sufficiently strong that the decision of the judge and the district attorney should be overlooked? Is that what they testified?

Mr. KERNER. I don't believe any such question was asked, in my recollection. I did not sit in on all sessions of that grand jury, so I can't be positive, but my recollection is that they were not asked that question. But I did sit in while certain questions were asked as to why the parole was granted; and a summary, just the sum and substance of their testimony, is that the interview, their prison record, their parole programs were sufficiently good to merit their being granted a parole.

Mr. ROBINSON. Weren't they interviewed by the Chairman of the Board himself, Mr. Kerner?

Mr. KERNER. My recollection is not; that Mr. Rogers interviewed them. I am not positive of that at this point, so much water has gone over the dam since then, but my recollection is that Mr. Rogers interviewed them.

Mr. ROBINSON. I think the Chairman interviewed them. There is a transcript of his interview in the Hoffman hearings.

Mr. KERNER. That may be so.

Mr. HALLEY. De Lucia testified, as I recall it, that Accardo visited him about the tax case rather than about the parole. Does that jibe with the testimony before the grand jury?

Mr. KERNER. Yes. As I recall, De Lucia stated that Accardo knew of certain of his holdings, and was there to assist Mr. Bernstein and De Lucia in the preparation of tax returns. I personally didn't believe that, but I have nothing in my possession or reach to disprove it.

Mr. ROBINSON. Didn't Mr. Bernstein testify that he had difficulty in getting his questions across to De Lucia, and that Mr. Bulger recommended somebody to go down with him who could speak Italian?

Mr. KERNER. Yes. During the trial of the case, Bernstein did make the statement that he was unable to understand De Lucia's language, his pronunciation, and that Mrs. Campagna got Mr. Accardo to go down to act as an interpreter.

But all the testimony of the guards in the trial of the case, and the testimony of Bernstein himself, who took the stand in that case, was that all the exchange of ideas or words was all in the English language; as a matter of fact, that while Mr. Bernstein was interviewing Mr. DeLucia, Accardo was talking to Campagna; and when Bernstein was interviewing Campagna, Accardo was conversing with DeLucia.

Mr. HALLEY. I wonder if probably the best thing to do would be for the committee to apply for an order to get the grand jury minutes, rather than putting you in the position of relying on your recollection.

Mr. KERNER. If you have any particular points, I see no reason why I can't look at my grand jury minutes to refresh my recollection so that I can be certain of details. However, as to whether the grand jury minutes can be released to the committee is a matter solely within the discretion of the Attorney General. By law, I cannot release them.

Mr. HALLEY. I believe even if he agrees, you must get a court order, must you not?

Mr. KERNER. There are decisions on that; yes.

Mr. HALLEY. Perhaps we can withhold judgment on that question and work in cooperation on making a study of the grand jury minutes and the record of the congressional investigation, and see if it opens up any avenues which should be further pursued here.

(Discussion off the record.)

Mr. HALLEY. Getting back on the record, are there any other matters pertaining to law enforcement that I think you would like to tell the committee about at this time?

Mr. KERNER. The question of narcotics is one which was raised here today. I have been informed unofficially by Mr. August, the agent in charge of the Narcotic Bureau for the Midwest area, that the use of heroin has increased 86 percent in the Chicago area. A year ago last June—June of 1949—additional narcotic agents were brought into this area and worked under cover June, July, and so forth, up until December, the week end just before Christmas 1949, when the zero hour was set and Sergeant Mangum of the narcotic detail, Chicago Police Department, who works in close cooperation with the Narcotic Bureau of the Treasury Department, with police officers went out and made many arrests and pick-ups. That night, beginning on Friday evening, by Saturday morning at around 8 or 9 or 10 o'clock, we had picked up approximately 180 narcotic violators. The biggest violator we picked up was a chap by the name of Filisho, who had counterfeiting tie-ups as well as narcotic tie-ups. We are not naive enough to believe that we are at the top in the narcotic situation, but Filisho we believe is the biggest cog that we picked up in that raid. There is no tie-up from our evidence with any of these hoodlums at this point in the narcotic trade.

Mr. ROBINSON. How did you spell his name?

Mr. KERNER. Filisho. He still has a case pending here in this court.

Mr. ROBINSON. What is the first name?

Mr. KERNER. I don't recall his first name.

Mr. ROBINSON. Do you know him by Fogge or Ben?

Mr. KERNER. I don't know. These characters have so many names and aliases that I would have to look in my reports to determine just what familiar names are attributed to him.

Mr. ROBINSON. You don't know where he lives?

Mr. KERNER. Yes. He lived on the West Side in what was previously referred to as one of the river wards on the West Side.

Mr. ROBINSON. Did the name of Isadore Levin come into that narcotic situation?

Mr. KERNER. That sounds familiar. I have a complete list of them, but I can look over it to determine it if you would like me to, because we have them all listed, all those who were suspected and against whom we had evidence and were trying to pick up. I have a complete list on them, both by their true names and their familiar names and their aliases. As a matter of fact, I see no reason why I can't get a copy of that and just turn it over to you for whatever value it may be. I prepared several such lists.

Mr. HALLEY. Where do you think we might find concrete activities of this Capone syndicate today, bearing in mind of course that this committee is not confined to law violations of either Federal or State law, that this committee has the right to ask questions which a witness might be entitled to refuse to answer at least before a State grand jury, and that the committee has the right to jump over State lines pretty broadly.

Mr. KERNER. After the little experience I have had with these people I have certainly concluded in my own mind that, other than these parolees who have of course a terrific lot hanging over their heads if they refuse to answer your questions, that the only place you might find evidence of it is among the hangers-on, the boys around the fringe. It has been my experience that in the examination of these people certain hangers-on who are not too smart give you pearls that you can follow up. That is the way we found out the tie-up of, for instance, Tony Gizzo in this picture.

Mr. HALLEY. Can you suggest any candidates? Or would you like to look through your files?

Mr. KERNER. No; I cannot. However, I can do this: There are still several men in the office, several assistant United States attorneys who were here at the time of the Johnson-Skidmore jury investigations and prosecutions. I will discuss it with them and see if they have any certain names in mind. Of course in our grand jury hearing we had people like Corngold, Heeney, who are practically passé, I imagine, in this picture.

Mr. HALLEY. Isn't Heeney still running a joint?

Mr. KERNER. The last I knew of Heeney he was running a joint with Corngold that previously had been run with Campagna on Cermak Road out near Austin, I think 5800-something, I think a bowling alley and a book. Heeney to me at the time appeared to be a very sick man and fading away. As we saw him from month to month we could practically see him fading away. I don't know what his physical condition or mental condition is at the present time. I haven't seen him since that time.

We also had Jones in before us, who had admittedly been a partner of Hymie Levin and another name of a partner, Phil Katz, in a wire service. They had their offices on State Street between Lake and Randolph Streets somewhere.

Mr. ROBINSON. The R & H Publishing Co.

Mr. KERNER. That is right. And there is also an office on Lake Street around the 600 block, where we traced certain telephone calls

that looked rather suspicious. These people were quite frank in telling us what their business was, who their partners were, what their wire business consisted of, where their wires went to, and what they received in the way of rental for the service.

Mr. HALLEY. They didn't implicate, however, any of the Capone syndicate members, did they?

Mr. KERNER. I am not quite certain exactly who you mean by the Capone syndicate figures. If we are talking about the same thing, the names that are mentioned in the newspapers, yes, Hymie Levin is supposed to be in that crowd, Corngold, Campagna, DeLucia, Gioe, D'Andrea's name is listed among that group.

Mr. HALLEY. They say they have no business now at all, Gioe and Campagna and Ricca. Are they supposed to be in this wire service?

Mr. KERNER. No. They were never reputed to be in the wire service. The only one who was tied up with the wire service in any way was at the end of a wire service, running a book in Cicero with Heeney and Corngold.

That was the end of the line so far as the wire service is concerned because that was the place where they took bets and supposedly paid off.

Mr. HALLEY. Have you any questions?

Mr. ROBINSON. Along that line, Mr. Kerner, did you ever run into anything that indicated that instead of being interested solely in what came out the other end of the line, they were interested in controlling the beginning of the line?

Mr. KERNER. No; there was no indication from anything that we found.

Campagna, of course, when he was in, freely admitted that he at one time ran slot machines before he was tried and sentenced. As a matter of fact, investigations of his income-tax returns showed a return of income from slot machines as well as the bookie establishment, which is probably common knowledge to the committee by this time.

Mr. ROBINSON. Either on or off the record, would you care to comment as to the extent of the cooperation or lack of cooperation between the local law-enforcement officials here, the sheriff's office, the State's attorney's office, the commissioner of police's office?

Mr. KERNER. The only thing I know of, and this is on the record, is of course what I read in the newspapers. I have no personal knowledge whatsoever. I know at any time I have requested anything of the Chicago Police Department, I have received their full cooperation as well as from the State's attorney's office, as I say, the local police. The only matter which I have had which directly affected the sheriff was the turn-over of prisoners, which was a peculiar set of circumstances in this Brinks murder case, and the sheriff was cooperative with the Federal Government in that. But in any direct request that I have had to any law-enforcing agency in this vicinity, we have received their full cooperation, even to the degree of letting us have records, confidential files, and things of that nature.

Mr. ROBINSON. I am not speaking so much of their cooperation with you but of their cooperation among themselves.

Mr. KERNER. The only thing I know, as I said before, is what I have read in the newspapers, which you have heard here today, of the State's attorney writing letters to the sheriff and the sheriff writing letters to the State's attorney. In my recollection, since I have been

an adult, I don't recall that there has been ever, shall I say, the friction between the sheriff's office and the State's office as there has been in recent years, where the State's attorney has been required to go out and actually do the sheriff's work.

Mr. HALLEY. Have you any views on the arithmetic of the situation which indicates that the sheriff did pick up something like 1,400 slot machines, and the State's attorney with the aid of 75 policemen was able to pick up only 500 more, which of course is a substantial number. The arithmetic doesn't seem to be too much of an indication of the sheriff's falling down unless there are certain other factors.

Mr. KERNER. Let me say this: It is my recollection that not many slot machines were picked up by the sheriff's office until the newspapers began putting the heat on him, so to speak, and that the State's attorney, of course, if we want to put it on an arithmetical basis, the State's attorney has been doing it for a period, as I recall, of roughly a year and a half. The sheriff has been in office for practically his full term of almost 4 years. Certainly in my time the State's attorney has not been doing much of that. That always has been considered, in my mind as a citizen and a lawyer, the sheriff's job rather than the State's attorney's job. However, I am not familiar with the full details and the full powers of each of the offices. I find that this office here rather ties me up and keeps me busy.

Mr. HALLEY. I am sure it does.

Anything further? Mr. Cahn, do you have any questions?

Mr. CAHN. If I may, just a few brief questions following up Mr. Robinson's.

Mr. Kerner, I am wondering—you heard the sheriff's comments to the effect that there might be some merit in this idea of consolidation of the forces, the sheriff's force, the State's attorney force, and so on. Just speaking offhand, would you say that there would also be merit in that consolidation proposal? Is there overlapping and duplication?

Mr. KERNER. Yes; definitely. As a matter of fact, I am a member of the criminal law committee of the Chicago Bar and Illinois Bar Associations. That question has arisen there among us, but, of course, we all feel rather helpless and hopeless until something is done about our State constitution, because it wasn't until recently that within the city of Chicago the parks were run by the State of Illinois. I have forgotten how many different corporations there were within the city of Chicago; in other words, a separate corporation for each park. Those were consolidated only recently.

There is presently pending or will be pending before the voters of the State of Illinois what is commonly called Gateway amendment, which amended a law—by the way, I also am serving on that committee of the Chicago Bar Association, the constitutional amendment committee, now called presently the Gateway committee—an amendment to the Illinois Constitution which will allow three articles of the constitution to be amended in any one legislative session. Under our law here our legislature meets only in the odd years or once in 2 years, unless a special session is called, and, of course, there has to be some crying, important, immediate need before a special session is called by the Governor. You can appreciate that with Cook County up here and even Lake County, north of us, considered in a down-State bloc, there has been this friction in the State legislature that prevents good legislation from being passed. I think just as soon as

the voters agree that the Gateway amendment is a good thing and then the voters join together to insist upon consolidation of forces, I think law enforcement will be in a better state of repair than it is now. There are too many overlapping jurisdictions and duties, in my opinion.

Mr. CAHN. Would you also have some comments, Mr. Kerner, on the subject of the patronage nature of the sheriff's office? Would you concur in what the sheriff said about the importance of putting that on a civil-service basis?

Mr. KERNER. I am not certain in my own mind that civil service is the answer to all evil, frankly. I can see a lot of good in civil service. I can see evil in it. I think it was demonstrated here today in the police department. The mayor is frustrated in what he can do with a captain he doesn't like or a captain in whom he does not have complete confidence. I think that is one of the disadvantages of civil service. However, I think a good public official is one who chooses his personnel properly on the sole basis of "Is he the best person" or "Is she the best woman to fill a vacancy in a certain job." I think without civil service, you can get just as good if not better people in the various jobs. Patronage, spoils of war, of course, has been one of the costly items of our democracy, regardless of what party is in power, and I think we all freely and honestly admit that. In my office, for instance, approximately two-thirds of my staff is under Federal civil service. All the attorneys in my office are appointees. They are appointed by the Attorney General of the United States. I think that the lawyers in my office are very able young men. They are honest, they are sincere, they are aggressive, and intelligent. I have never heard any criticism against any of the people in my office. They are not civil service.

Of course, the reward for doing a good job as an assistant United States attorney I admit is probably greater than that of being a process server in the sheriff's office, and I don't think you can compare one against the other. But I can see advantages and disadvantages, and I would say one of the major disadvantages is if an office is put under civil service, I think you can bet your bottom dollar that all the people who will qualify for civil service during that period of time will be members of the party in power. I don't think any of us are naive enough not to recognize that fact.

Mr. CAHN. Since your father is one of the distinguished members of the bench of this area, I wonder if the judges of this area have ever presented a formal recommendation for improving the administration of justice.

Mr. KERNER. As a matter of fact, I think that is done constantly in the Federal system because of the judicial conferences which are held each year, and I think any of us who are familiar at all with the Federal practice and the judiciary system knows that they constantly are improving. I cite for example the improvement in the civil and criminal rules, the passage of the new judiciary act, which was really done in combination with lawyers who practice in the Federal jurisdiction, and the judges. Yes; I think that conferences of that sort always lend toward improvement and simplification.

Mr. CAHN. Mr. Kerner, how does the Illinois area, the United States attorney's office, differ from other areas? We presume of course there is more crime, more violent crime, and so on, but I wonder

if you would state from your knowledge of the problems faced by other United States attorneys, wherein your problems differ in degree or in nature from theirs?

Mr. KERNER. Oh, I suppose if we were to make a comparison of that—and this is just my opinion, and I have seen no figures and facts on it. I draw my conclusion from conversations with other United States attorneys visiting with them at the United States attorneys' conference and the problems that they raise at the conference. Our problems are all relatively the same in the Federal jurisdiction. When I say all I am speaking of course primarily of jurisdictions such as New York, Philadelphia, San Francisco, Los Angeles, and large urban areas. I think our problems are rather similar. I realize, of course, that in Texas they will probably have more immigration and naturalization problems than we have here in Chicago. I realize that in San Francisco or Los Angeles or New York they will have more immigration problems than I will. They will have more admiralty problems. They may have smuggling problems, which of course don't confront us here in the Chicago area, except on rare occasions. I don't believe that they have any more or any less proportionately income taxes, mail frauds, or other violations of Federal statutes.

Mr. CAHN. In connection with Mr. Robinson's comments on frictions between the State's attorney's office and the sheriff's office, I wonder to what extent that might be due to the fact that the men are of opposite political parties.

Mr. KERNER. I don't know Sheriff Walsh very well. I have known John Boyle, of course, since a young man. I would say I have known John Boyle for 20 or 23 years. I have always had the highest regard for Mr. Boyle, and I know little or nothing about Sheriff Walsh. I don't know how much of this is a political fight, if at all. I don't know how much is really based upon inefficiency, alleged inefficiency. I don't know. I think if I make any comment it probably might be an unfair comment to the sheriff.

Mr. HALLEY. Off the record.

(Off the record.)

Mr. CAHN. I have just one last question, and I want to thank Mr. Halley for the opportunity of asking these questions in the first place and thank you for your patience in answering them. You are a World War II veteran with a very fine record. I was just wondering to what extent members of the mob are of the newer generation, possibly World War II veterans in some instances, or whether most of the strong-arm men or the higher-ups don't perhaps represent the older generation, the between-wars men or immigrants, or just to what extent there are young people today associated with the mob in high or low capacities. That is a general question that covers a lot of people, and the mob is a very general term. I was wondering if you might have some comments on that.

Mr. KERNER. First, I might argue with you about my good war record. I just happened to be in for a great many years. My personal experiences as United States attorney is that we find very little difficulty with young men who have been in the services. The only difficulty we have had with them in our office, I think, has been one bank embezzlement case and the balance almost completely have been fraud cases against the United States Government under the 52-20

or the GI bill of rights, obtaining subsistence money and wilfully represented they weren't working.

As to the balance of your question, of course all these people we have been speaking of generally here are men who are in their late forties, fifties, and sixties. They were young men during the prohibition days when the Capone group of course was very active. I don't know the names of any relatively young men who you could tie up in any way with these individuals about whom we have been speaking. Surely I can go down the list of names and point out where they have been in any out of trouble constantly, but I don't think there is any tie-up whatsoever between those men and the men about whom we are speaking. They are just young toughs, they are hold-up men, they are strong-arm men, and I think perhaps on occasion they brag they are a part of the Capone mob when as a matter of fact they are too inexperienced, shall I say, and get into trouble so often that I am sure if there was a Capone mob they would have no part of these individuals, because you take the people about whom we are speaking, they live rather nice lives on the surface. Their homes are well kept. They are quiet. They don't get into trouble.

In our investigation before the grand jury we obtained income-tax returns of many of these people. We did not look at the income tax of any person that we had before our grand jury who did not have a very able auditor or certified public accountant to take care of their tax matters. Apparently they have learned the lesson of Al Capone and are not going to get caught cheating Uncle Sam. In my own mind I believe that perhaps they don't return all their income, but I say to you that I doubt that I can prove that they received any more income than that that they returned on their income-tax return.

Otherwise, these people keep out of the way of the Federal Government, generally speaking.

Mr. CAHN. Mr. Halley has been laying the historic basis for the present conditions of crime in the old prohibition days, and I think that your answer serves to confirm the fact that the historic basis of present crime is very important indeed, because we will find figures who were small then who have since emerged. Fortunately, not too many members, if any, of the younger generation have emerged thus far in major positions in crime or for that matter, major positions.

Mr. KERNER. I might say along that line, which may or may not be of interest to the committee, that a year ago last month a crime prevention council was formed here in the city of Chicago. The members of that executive committee consist of the mayor, the law-enforcing agents in Cook County, and the Governor. It is surprising the effect and the progress it has made in 1 year's time. Of course it is an ethereal type of thing. It is metaphysical. You cannot tell now nor 20 years from now will we be able to tell whether we did any good, if any at all. But the purpose of that council is to go before young people's groups such as we did last Friday at the Farragut School on the West Side, the area in which I was born and raised, and to point out to these young people the folly of thinking that because they are strong-arm young kids getting into trouble, will lead them anywhere except to a bad lot. That type of committee did not exist when I was a young boy, and perhaps it is a step in the right direction, instead of just having juvenile committees to chase boys and who after they get into trouble try to do something. The purpose of this group is to try to

point out the way to these young people before they get into trouble. In my experience in going around and watching these meetings, in watching the young people, certainly at least for the time they are in there they seem to be vitally interested and we do hope that we will have some effect on the younger generation, and we hope we won't have young people today who will be big mobsters and hoodlums 10, 15, 20, or 30 years from now.

Mr. CAHN. Thank you very much, Mr. Halley.

Mr. HALLEY. Anything else?

Mr. ROBINSON. I have one final question, Mr. Kerner.

Would you care to make any observation to the stature or caliber of the occupants of the local court, the local bench?

Mr. KERNER. I think for the most part, most of the judges in our local courts are good judges. There are some of course that I don't think are very good and as a matter of fact I don't believe should be sitting on the bench. But as long as you have elected judges and as long as you have the swing from party to party, and you may have an overwhelming victory, bad men are elected to the bench, yes. But taking them as a whole, I would be willing to try a case before any of them and I would have no question about their integrity whatsoever. I practiced in the local courts from 1934 until 1941 when I went in the service and when I came back I again practiced before them. For the most part I would say their integrity is above question.

Mr. HALLEY. Just two matters. Is there full cooperation between the various Federal investigative agencies at this time?

Mr. KERNER. Yes.

Mr. HALLEY. Could any further cooperation be implemented, or is there real coordination at this stage?

Mr. KERNER. There is real coordination. Any time we request anything we get their full cooperation, I made it one of the precepts of the operation of my office that all agency personnel will be treated with respect and courtesy as soon as they come in the office.

Mr. HALLEY. Is there free exchange of information among the various Federal agencies?

Mr. KERNER. Yes, if requested. There can't be a free flow of information every day, let me say, because that would probably so choke us up that we couldn't take care of our primary duty. As a matter of fact, some time ago I think at the time of the organization of this committee, we received a request from the Attorney General for the United States attorneys to call in the various investigative agencies for a conference. We had a list of names and asked whether they had any information, factual or otherwise, in their files. That information was turned over to us, which we then turned over to the Department of Justice. As a matter of fact, they probably gave us more information than could be useful to you. It perhaps becomes a burden. I find them always free. The name Felisio came up. There is cooperation between the Secret Service and the Narcotics Bureau as to Felisio. We had another defendant here who was indicted under three different sections of the law. One law was counterfeiting sugar stamps, counterfeiting money, and what was the third one? I have forgotten for the moment. But they covered three different agencies, and there was free interchange of information among them and in our office, also in the preparation of the case and in the investigative reports.

Mr. HALLEY. Thank you.

(Discussion off the record.)

STATEMENT OF FREDERICK PRETZIE, JR., ADMINISTRATIVE
ASSISTANT, CHICAGO CRIME COMMISSION

Mr. HALLEY. Mr. Pretzie, you are associated with the Crime Commission of Chicago?

Mr. PRETZIE. The Chicago Crime Commission, as administrative assistant.

Mr. HALLEY. You had charge of the so-called crime commission bills on criminal procedure?

Mr. PRETZIE. Yes, sir.

Mr. HALLEY. During what session of the legislature of Illinois was that?

Mr. PRETZIE. That was the last session in 1949. I wasn't too active at the session before, in 1947.

Mr. HALLEY. You have a file relating to your detailed observations of the 1949 sessions?

Mr. PRETZIE. Yes, sir.

Mr. HALLEY. Did you complete this file contemporaneously with the events? I have thumbed through the file and I note that you state your specific reasons for believing that each specific member of both the committee and the legislature voted as he did, is that correct?

Mr. PRETZIE. Yes.

Mr. HALLEY. I note that you referred to certain offers of bribes to you.

Mr. PRETZIE. No, they weren't made personally to me. The bribes were made to members of the legislature.

Mr. HALLEY. Wasn't there at least a threat to you?

Mr. PRETZIE. Yes. I was threatened. It came about in this way. I didn't consider that very seriously. During one of the recesses of the legislature, as I was going up the aisle and Euzzino said, "How much is the crime commission paying you to come down here to get these bills passed?"

I answered that the question was irrelevant, and put the question as to why he inquired.

He said, "I just wonder if we can't pay you more than the crime commission is paying you to keep you the hell away from here."

I said, "Any amount of money you fellows can offer me couldn't keep me away from here."

Then I had some other encounters; one with a man who has since withdrawn from the legislature. He was renominated and would have been elected, but asked that his name be withdrawn, John D'Arco. He said to me upon one occasion—and this was all designed to heckle, rankle, and discredit me. I have been in the business a long time and I am pretty thickskinned. He said, "I understand you are down here offering the members of the house \$500 to vote for these bills."

I told him of course that that was ridiculous, that we didn't operate that way.

I said, "That is more than I can say for you when you call your cohorts down here. We don't operate that way. You probably do."

Then on another occasion Mr. D'Arco encountered me as I was about to enter the judiciary committee. Most of these fellows who sit in the house who are under discussion now are huddled. Their seats in the house are segregated more or less in a certain particular area

there. Here is Granata and here is Adducci, and Euzzino over here. Petrone is down over here. D'Arco sits across the aisle, a short distance removed. There is one other man whose name I should recall—Rinella—who sits along the same section of seats there.

I had occasion to walk up the aisle during one of the recesses and talked to a certain man there, and some uncomplimentary thing was said to me that I resented, and I replied in kind. We didn't actually come to blows at that time. It was a pretty heated discussion. I said something to D'Arco that he didn't like, and a day or two later as I was going into the judiciary committee he took occasion to collar me and threatened to punch me in the nose. I told him I didn't think that was the place to create a disturbance, that if we were down on the street away from the committee hearings I might be able to give him a contest, but I didn't there, I didn't think that was the proper place.

He said, "You told me to do something—" In other words, to put it in the record, he said, "Ah, I ought to punch you in the nose."

I said, "What for?"

He said, "You told me to kiss your —."

I said "You are mistaken. That wasn't the sentence I used. I told you to go jump in the lake."

So I said, "Just get your dago temper down. This is no place to create a scene." And I pushed him away and walked away from him.

Mr. HALLEY. I gather there was a lot of acrimony.

Mr. PRETZIE. I didn't know whether you were leading up to that or not.

Mr. HALLEY. What I was leading up to was just this: In going through that written statement it appears to be in great detail and I wondered whether you could state, in order to save time now, whether the written statement is a record you made contemporaneously of all the events in detail.

Mr. PRETZIE. That is right, that is right. Incidentally, as you will observe by reading that, I dictated it. It was for the chairman of the legislative committee, Mr. Thomas Mulroy, as a report to the committee, but it is my report, my language, and I prepared it.

Mr. HALLEY. The facts as stated in the report are true?

Mr. PRETZIE. That is correct; yes.

Mr. HALLEY. I think for the committee's record and for present purposes the report will be accepted and speak for itself in view of your testimony about it. So would you therefore at this time state the conclusions relating to the reasons why the bill was defeated giving simply in conclusion form the blocs against it and their reasons for opposing it.

Mr. PRETZIE. The reasons for opposing it is because they have a close affinity I would say over the years, and association, some of these members who constitute this West Side bloc, with members of the Capone syndicate, many of whom I knew in my early days, having come from that particular area in which they were spawned. The syndicate, it is my conclusion, had most to lose and probably would be more amenable to these laws than the average individual, obscure individual would, a minor offender, because the bills were designed primarily of a nuclei of the representatives from the river wards; is for the extension of the grand jury and the immunity bill.

Mr. HALLEY. I gather that the bloc opposing the bill consisted primarily of a nuclei of the representatives from the river wards; is that right?

Mr. PRETZIE. That is right.

Mr. HALLEY. They obtained the cooperation of a group of down-State legislators of both parties; is that right?

Mr. PRETZIE. That is right, both Republicans and Democrats.

Mr. HALLEY. On what basis was the trade made to get the support of the down-State legislators?

Mr. PRETZIE. There were several considerations in connection with the trade. For instance, there is a bloc of Negro legislators down there. The Negroes were interested in having enacted the fair-employment practices bill. So the Italian bloc, you must appreciate, in their relationships and in their work, are bipartisan in this respect: They don't respect any party lines. I mean for the purpose of the record one may be elected on the Democratic ticket and another may be elected to the Republican ticket, but for their own selfish purposes they combine and confederate and constitute a solid bloc. They will make their deals and trades depending on what legislation they are primarily interested in having enacted or what legislation they want to have defeated.

Mr. HALLEY. I have noticed in your report you very carefully and in great detail take it legislator by legislator and have given the reasons why he voted for or against the bill.

Mr. PRETZIE. That is right.

Mr. HALLEY. So supplementing that, summarizing it, the only question I am asking now is, in addition to the people who were willing to trade in order to get support for FEPC, which for one reason or another they might have considered of more immediate importance, what other support was marshaled and what trades were made to get it?

Mr. PRETZIE. They made trades on the constitutional convention bill that the administration, the Governor was very much interested in. They held the balance of power in the house, this Italian bloc.

Mr. HALLEY. The Governor didn't trade with him, did he?

Mr. PRETZIE. No. He refused. They didn't approach him directly, but indirectly he was approached in an attempt to make a deal with him if he would sell himself out on the support of the crime commission bills they would support the constitutional convention resolution. The Governor refused to become party to any such deal or overture.

Mr. HALLEY. Did members of the legislature make such a deal, though, without the Governor's agreement? In other words, what I am trying to find out is, how did they marshal enough votes to lick this thing?

Mr. PRETZIE. You must appreciate this. Some of these men, like Pete Granata, who has been down in the legislature for many years, and Adduci, who has been down there several years, and Euzzino who has been down there several terms, have developed through the knack of ingratiating themselves through the lavish expenditure of money and entertainment and favors that they are in a position to extend to their colleagues in the legislature; and in connection with the trading on certain bills with members of the legislature there are devious and many ways in which they can gain support either for or against a bill. It has been said, and I think it is probably true, I would say, that they control approximately 25 votes in that house.

Mr. HALLEY. Can't you give any more concrete statement of the deals that were made to get the vote? It is detailed in the record and if you prefer to stand on your statement that is all right.

Mr. PRETZIE. I am trying to refresh my recollection now as I am speaking. In many instances they have approached members of the judiciary committee because it was quite apparent for the time that there was a possibility we would be able to get these bills out of the judiciary committee. One member of that committee who is now dead, who was formerly chairman of the committee—and there is another member of that committee who was the dean of the law school here—told me that they know of members of the committee who were actually threatened right in the judiciary committee by these fellows.

I have gotten from other sources that I can't identify that they had made offers of money, and in cases—I know of one instance where a threat was made, although this man was not a member of the judiciary committee but was a member of the house. He had already committed himself to support the crime commission bills, and when he refused to yield—and I witnessed this myself in the lobby of the hotel there. First they were in the cocktail lounge. The chairs were pushed back and they almost came to blows. I was sitting at another place in there with some men. The words were loud and harsh, and the first thing I knew one of these men chased Adduci out in the corridor and wanted to battle with him. The reason for that, I learned from talking to this member of the legislature, was that they threatened not only violence but that if he wouldn't change his mind and vote against the crime commission bills, they were going to defeat him up in his district; if necessary they were going to spend \$25,000, and they did. He was candidate for reelection and when it came time for filing this last primary, petitions had to be filed with the secretary of state, members of this bloc—I think Adduci was one and there was a man who was spokesman for this group, Joe Porcaro, who is a powerful west side politician, Republican incidentally, went to the secretary of state's office and tried to get first billing for an opponent of this man. Fortunately he was there and he had a friend in the secretary's office and he got his rightful position on the ballot, which was position No. 1.

There are other things which occurred in that particular district which confirmed what this member had told me.

Mr. HALLEY. Perhaps we can help clarify the reasons by taking one vote that apparently occurred in the committee. You had eight Democrats and seven Republicans voting in what you characterize as an attempt to kill one of the bills. You say two were Cook County Democrats, Euzzino and Cronin.

Mr. PRETZIE. Yes.

Mr. HALLEY. Why would Cronin vote with Euzzino?

Mr. PRETZIE. Cronin felt in that case, with due respect to Mr. Cronin, who afterward changed his vote—I am not saying this because he did—he felt at first that there was probably no need for Cronin had been associated here—incidentally he is a member of the license liquor appeal commission. He has been associated here with a law firm, not recently but in years past and practiced almost exclusively in the criminal courts, both State and Federal, and some member of that firm had represented the Capones in some of their

conflicts with the law. He probably felt conscientiously—I am giving him the benefit of the doubt—but there was no need for extension of the grand jury.

Mr. HALLEY. Then you have six down-State Democrats: Taylor Bosomean, Jefferson, Carver, and Shapiro. What would induce those people to vote against the bills the Democrats introduced there?

Mr. PRETZIE. Shapiro afterwards changed and supported the bill. Carver didn't. Taylor didn't. As a matter of fact, I could never understand Taylor. He was cosponsor on two of the bills. He didn't happen to be of this particular bill.

Mr. HALLEY. This is the grand jury bill; is that right?

Mr. PRETZIE. That is right. Taylor is well reputed down in the southern part of the State. He is an able lawyer. I don't know.

Mr. HALLEY. In all fairness could it be that perhaps a substantial number of the people voting against the bills did it either quite sincerely or for reasons that you just know nothing about?

Mr. PRETZIE. True. I would say that.

Mr. HALLEY. Is it your point, then, that the balance of power lay in their bloc from the river wards and the people they were able to make deals with?

Mr. PRETZIE. That is right.

Mr. HALLEY. It wouldn't be your point that they corrupted the entire legislature?

Mr. PRETZIE. Oh, none whatsoever. No; I wouldn't make that statement.

Mr. HALLEY. Are there any other general conclusions you would like to state for the record in addition to what is in your report, bearing in mind that the report will be made a part of the committee's record?

Mr. PRETZIE. No; I think not, unless you want to go into the reasons as to why the Italian bloc—I mean if you want me to chart their early careers and associations with these men. On some of those bills there possibly could have been some logical objections, but on the two bills, with all the support that we received from the Governor, the mayor, and the press and everything else, I can't conceive how there could possibly be any logical argument or objection to those two bills.

Mr. HALLEY. Despite the lateness of the hour I personally would like to hear about the Italian bloc.

Mr. ROBINSON. That may be in some of the records.

Mr. HALLEY. Go right ahead.

Mr. PRETZIE. In the Senate many of these men I have known for many years——

Mr. HALLEY. Would you name them first, the men you are referring to?

Mr. PRETZIE. Senator Roland Libonate, who is a Democrat elected from the seventeenth senatorial district which embraces the first ward. He is a protégé of Pete Fosco's. Roland Libonate in the last session of the legislature was considered the Democratic whip. He spear-headed the opposition to the crime commission bills. Three of these bills passed the senate. Roland Libonate as you know—maybe you don't know, and I had better tell you—formerly was elected as the representative from that same district and was a member of one of

the most notorious ward organizations, then the twentieth ward, in which Maury Eller was the committeeman.

Mr. ROBINSON. What is that ward called?

Mr. PRETZIE. It was called the "Bloody Twentieth." Some years prior to that time—it has been redistricted over the years—it was known as the "Bloody Twentieth." That ward gave us most of these men that you referred to as members of the mob, except those who came on here from the East and other points. That ward gave us men like Anthony Volpe, Mops Volpe, gave you Tony Accardo, gave you Jack McGurn. It gives you this fellow Mooney Giancana. I would say he is the youngest member of the mob. On the question propounded to Otto Kerner, I was inclined to agree with him, but Mooney Giancana is coming up and he is probably the youngest member of that mob. He is the chauffeur and body guard for Tony Accardo. Frank Rio, the late Frank Rio—he, incidentally, died a natural death—was one of the principal body guards of Al Capone at the time, with his cousin Charlie Fichetti, Tony Accardo and some of these other fellows who are now prominent, who are the big shots now in the mob or syndicate. Some other notorious characters, such as Druggan and Lake who are no longer active in mob circles, came out of that district. I don't have all the names before me, I can probably identify some others.

Libonate was a pretty close pal and associate of Al Capone. It is a matter of public record that he fraternized with him and they were seen together in public places. Libonate, I think, has never denied the fact that he and Capone were bosom pals.

You had the spectacle of Jimmie Adduci, who before he was elected to the legislature, coming from that same area just a short distance away on the West Side, was an associate of Willie Bioff, Dago Lawrence Mangano, who didn't meet a natural death but was machine-gunned together with his bodyguard not too many years ago. Dago Lawrence Mangano was considered the man in charge of vice for the mob. In more recent years he went into the gambling business and had a big gambling establishment up on the near North Side, around the Bistro side, near Rush Street and Chicago Avenue.

Mr. HALLEY. Is he operating today?

Mr. PRETZIE. No; he is dead and I don't think that spot is operating any more. But his activities are being carried on by members of the mob. This man Mops Volpe, who doesn't figure so prominently in the picture today, was one of the mob's principal lieutenants. He was the overseer of the Cicero gambling operations not too many years back and also the principal lieutenant in the conduct of dog tracks when they had control of the Hawthorne Kennel Club and also the Laramie Kennel Club.

I didn't come prepared for this. This is what occurs to me now. I haven't given it too much thought.

Mr. HALLEY. That is all right. You go ahead. You can supplement it and we hope you will.

Mr. PRETZIE. You asked the question of Mr. Kerner, and you are right, you have seen evidence down in Florida. The thing I can't understand is why so many men in high places in public life refuse to recognize that there is such a thing as a syndicate and a mob, that it lives and that it breathes, and that it is here and is doing business here.

Unfortunately, the only time these men have been brought to justice and paid the penalty is because Uncle Sam, through the medium of the income-tax law, was able to punish them where our local authorities had always been ineffective.

It seems to me that over the years with the proper surveillance of any law-enforcement agency, with men of intelligence and probably not too much intelligence, they certainly could have established or developed enough evidence to have made a case to bring these men to the bar of justice in our State courts or in our criminal courts.

We, as the crime commission, not too long ago when the county was wide open, were able to find luxurious gambling emporiums of the type they have down in Florida and the type that they operate in Las Vegas. There were large gaming rooms with seven or eight roulette wheels, half a dozen crap tables.

Mr. HALLEY. Up to how long ago and where?

Mr. PRETZIE. Of course, we were responsible because we put the local authorities on the spot. They couldn't help themselves. This one address that Mr. Kerner referred to down there at Cicero and Austin Avenue was Willie Heeney's and Corngold's. That was 5914 West Cermak Road. I shouldn't be surprised but that they are still operating. I haven't been up there. I haven't done anything on gambling in recent years. Mr. Devereux has handled all that. They operated a big spot and another place at 5937 Roosevelt Road, which was also in Cicero, that we know Corngold operated. We had those two places after the local authorities either were unable or unwilling to take any effective action. We had arranged to give the sheriff—it isn't this present sheriff—an opportunity after apprising him of the fact that these places were in operation and going wide open with no pretense of secrecy. The sheriff's lieutenant visited these two places and came back with the report that they found a couple of scratch sheets and made a raid and booked a couple of men, the keepers of the handbook. As a matter of fact, it was a false and fraudulent report. We then proceeded to enlist the aid of the State's attorney's police through the State's attorney, who was then Courtney; it wasn't Mr. Boyle. I was on one raid and I directed the other raid, too. We knocked over both of these places and confiscated considerable equipment, which ran into roulette wheels which were then valued at about \$1,200, and several roulette wheels in both places and other gambling paraphernalia.

Shortly after that there was a place that we know that Rocco Fischetti managed, whom we had identified through credible evidence, witnesses. Rocco Fischetti was identified as the manager of The Dome, which was out here on West Irving Park Road. We got the same report from the sheriff in connection with that place, and we went out there, and there must have been 350 people in the place, elaborately furnished. We took seven or eight roulette wheels and another batch of gambling paraphernalia out of there.

Mr. HALLEY. How recent was all of this?

Mr. PRETZIE. This was 1943 and 1944. What I am leading up to is this: It is a result of that activity, to their amazement they couldn't understand it. They felt secure in their belief. They had been going along unmolested. The men that we had stationed in the places at the time the raids were made had gotten comments from the various patrons who said "This looks like the real McCoy. This has never happened. There is something haywire here."

Because in times prior to that they were tipped off, the sheriff's police are coming out or the State's attorney's police are coming out. Give us two guys to make a pinch. Excuse the jargon. Maybe I am getting a little off.

Mr. HALLEY. You are a little off track. We were talking about the river ward bloc. You covered Libonate. You were going to tell us who the rest of them were and their background.

Mr. PRETZIE. I think I gave you enough to show the connections of Libonate.

Mr. HALLEY. I think so.

Mr. PRETZIE. I think I gave you enough as far as Adducci was concerned to show you the connections there. Incidentally, Libonate's practice is practically all criminal.

Mr. HALLEY. Is he a lawyer?

Mr. PRETZIE. Yes, he is a lawyer.

Mr. ROBINSON. Does he have a record, criminal record?

Mr. PRETZIE. No, he doesn't have any criminal record. I think he was arrested, as I recall, on the eve of election some 25 years ago over on Halstead Street. I don't know whether the police booked him. I doubt whether they booked him or not, but at that time there were several characters who were members of the same organization.

Mr. HALLEY. What is Adducci's politics?

Mr. PRETZIE. He is a Republican.

Mr. HALLEY. What ward is he from?

Mr. PRETZIE. He is from the twenty-seventh ward. He actually runs that ward. While he is not the committeeman, he is the powerhouse there.

Mr. HALLEY. Who is the committeeman?

Mr. PRETZIE. I am not too sure. I think it is a fellow by the name of Snyder. I can get it for you.

Mr. HALLEY. Who are some of the others in this river ward bloc?

Mr. PRETZIE. Granata. Incidentally, Granata has a brother who is an accountant. I can't recall his first name now. I think he has done some work for some of these fellows.

Mr. HALLEY. What are Granata's politics?

Mr. PRETZIE. He is a Republican.

Mr. HALLEY. What ward is he from?

Mr. PRETZIE. He is from what would now be the first ward. It was formerly the twentieth ward.

Mr. HALLEY. Have you any of the others in mind?

Mr. PRETZIE. Yes. Euzzino is a Democrat from the first ward.

Mr. ROBINSON. Porcaro?

Mr. PRETZIE. Porcaro is committeeman from the twenty-sixth or the twenty-eighth ward, I think possibly the twenty-sixth ward. Porcaro is not a member of the legislature, but he was considered the spokesman for this group. While he had no right to be upon the floor, which will be reflected in the report, he was very active in the sessions, while the house was in session, collaring the members. As a matter of fact, the Daily News exposed his activities and he was then holding a position in the county treasurer's office.

Mr. HALLEY. Who are the other members of this river ward bloc?

Mr. PRETZIE. James Rinella. He represents the first district. He would also, since the redistricting, I think be part of the first ward now.

Mr. ROBINSON. Did you cover Petrone?

Mr. PRETZIE. No, I didn't.

Mr. HALLEY. What is Rinella's politics?

Mr. PRETZIE. I think he is a Republican. I can give it to you. I think he is a Republican, but I can check that.

Mr. HALLEY. Let's take Rinella, for instance. What are his connections with the syndicate? Why did you consider that he votes in a bloc?

Mr. PRETZIE. I will say because of his friendship. I don't say that Pete Granata is definitely tied in with it. I know of no instances where he was associated or fraternized personally with these fellows, but because of the general atmosphere and the conditions that prevailed over in that area for many, many years, he was reputed, and we have never been able to establish this, he was reputed to be interested in the handbook not too many years ago over there, but we weren't able to establish it.

Mr. HALLEY. This is Granata?

Mr. PRETZIE. G-r-a-n-a-t-a.

Mr. HALLEY. What about Rinella?

Mr. PRETZIE. Rinella, so far as we know, has no criminal record.

Mr. HALLEY. Does he associate with mobsters?

Mr. PRETZIE. Yes, they are always associated together.

Mr. HALLEY. Who does he associate with, what individuals, do you remember?

Mr. PRETZIE. I am speaking of his association—you mean the members of the bloc, not the mob now.

Mr. HALLEY. How do you tie this bloc in with the mob? That is what I don't understand. I thought that is what we were talking about.

Mr. PRETZIE. I have given you enough instances here already.

Mr. HALLEY. We know how they vote, but what do you know about their associates? Do they visit at Fischetti's house? Do they eat dinner with Accardo?

Mr. PRETZIE. I don't know that of my own knowledge; no.

Mr. HALLEY. Have you any information about any of these so-called river-ward blocs?

Mr. PRETZIE. No; I can't honestly say that I do. In recent years; no, I can't.

Mr. HALLEY. How do we tie them in? You say that historically they have always voted in a way that resulted in a criminal's benefiting; is that right?

Mr. PRETZIE. Yes; that is correct.

Mr. HALLEY. Aside from that which of them can we say fraternized and associated with known hoodlums?

Mr. PRETZIE. If you ask me today I can only judge by this past record. I can't say of my own knowledge today.

Mr. HALLEY. Which of them did in the past associate? How did they come up in the world?

Mr. PRETZIE. Adducci, there isn't any secret about that. Adducci definitely was tied in with them.

Mr. HALLEY. How was he tied in.

Mr. PRETZIE. Well, he was arrested with some of these characters in a gambling house, and he was arrested in connection with a vice investigation and if you check his arrest record, you will find that his

association goes back with these men over a period of years, maybe 20 years.

Mr. HALLEY. So Adducci you can definitely say whether or not he was convicted.

Mr. PRETZIE. I don't think you will find any conviction on him either.

Mr. HALLEY. But at least he was found associating with the mobsters in places that operated illegally?

Mr. PRETZIE. That is right.

Mr. HALLEY. Can you say that about any of the others?

Mr. PRETZIE. Libonate was seen with Al Capone.

Mr. ROBINSON. Isn't it true that Libonate has had his picture taken with Al Capone?

Mr. PRETZIE. He has had his picture taken. It is a matter of public record. That is right. It is a matter of public record, too, that Libonate was in the headquarters of this place on election night when several of the members of the mob were there. I don't recall their names now. I can refresh my recollection. But they were important. They were not too important. I think Murray Humphreys may have been one of them in that particular raid. There were several members of the mob. In connection with Petrone, that I spoke of who was part of this Italian bloc, interceded for these men and tried to get them released from the custody of the police.

Mr. ROBINSON. Does Libonate have a brother?

Mr. PRETZIE. Yes; he has a brother, Eleodore, who is very active in veterans' affairs. They are two different types of individuals entirely. One fellow has never had any association or affiliation or any business dealings or represented any of these fellows. Of course, Libonate has represented a lot of them.

Mr. HALLEY. Would you say about Euzzino?

Mr. PRETZIE. Euzzino in connection with Tony Accardo's draft status, I guess he was questioned, I don't know. Mr. Kerner may have overlooked that. He was questioned with reference to an affidavit he acknowledged for Tony Accardo having to do with his draft deferment.

Mr. ROBINSON. You say Libonate's brother has no connection. There is no connection between the brothers?

Mr. PRETZIE. No; except that they are brothers. They are not engaged in the law business together. They never did practice together. They travel in different circles, and they don't represent the same type of clients.

Mr. ROBINSON. What does the brother do?

Mr. PRETZIE. He is a lawyer, Eleodore.

Mr. ROBINSON. Is the brother employed in Washington?

Mr. PRETZIE. You mean Libonate? I think there may be another brother, but Eleodore is considered a pretty high-grade decent fellow.

Mr. HALLEY. What could you say about Porcaro?

Mr. PRETZIE. Porcaro always has been tied in. He has been a fixer and front man for the hoodlum element. He has been tied in politics. He got canned out of the State's attorney's office. I don't know how he got in there at the time. I think Swanson was the State's attorney. I think he was responsible for those records. Our files, I think, will show some other situations that don't speak very well of Mr. Porcaro.

Mr. HALLEY. Are there other members of this river ward bloc that you haven't mentioned?

Mr. PRETZIE. This man D'Arco is out of the picture now. I think we have established that at one time he was charged with robbery, although he was acquitted.

Mr. HALLEY. Do you have anything else?

Mr. PRETZIE. If I could refresh my recollection on some of these things. I can go back. My assignment in recent years has been a little different, but I could probably search my memory independent of any records and maybe come up with something.

Mr. ROBINSON. Is this your own personal record?

Mr. PRETZIE. Yes.

Mr. ROBINSON. You have no duplicate of it?

Mr. PRETZIE. This is my personal record. There is an original of that in the file. You are welcome to have that.

Mr. CAHN. I have a few brief questions. I will keep you just a moment longer, if I may, Mr. Pretzie. I know you gentlemen have been working hard and long into the night and have a full schedule ahead, as I am sure you do.

For the sake of the record, Mr. Pretzie, since reference has been made to an "Italian bloc," I am sure you would agree, as I am sure the committee would, that these particular gentlemen, at least insofar as their stand on these bills recommended by the crime commission and by the bar association and so on, do not represent undoubtedly the position of the Italian-American community of Chicago.

Mr. PRETZIE. Not at all. I am Italian, incidentally. I may not look it, but I am of Italian descent myself.

Mr. CAHN. I think that might be mentioned for the record in all fairness to the patriotic Americans of Italian descent.

Mr. PRETZIE. That is right.

Mr. CAHN. In the same way that we would do similarly for any other group of whose members might inadvertently tarnish the name of the over-all group.

Mr. PRETZIE. As a matter of fact, I think these men are probably a disgrace and maybe they would be disowned by the decent Italian-Americans. Unfortunately they come from the type of wards where you have a constituency that can't be too independent and don't exercise their franchise as freely as they do in other wards. In other words, despite what newspapers and despite all propaganda, you can't beat those fellows over in those wards.

Mr. CAHN. I just wanted to bring that out because the chairman of the committee and the chief counsel have been very, very fair in their questioning.

Mr. PRETZIE. Some newspaper has used that phrase and they have carried it through, the "river bloc." It is referred to as the West Side Italian bloc. It has stayed with them ever since.

Mr. CAHN. Of course you implied, as the committee implies, no indication as to the patriotic and honest quality of the Italian-American community of this area.

Mr. PRETZIE. That is right.

Mr. CAHN. Just one other question then. Can you predict successor for these more limited suggestions that the crime commission is going to send up? I think you said there are going to be two or three bills.

Mr. PRETZIE. Two.

Mr. CAHN. Have any conditions changed whereby you would think you might have improved chances in the forthcoming legislature as against your previous results?

Mr. PRETZIE. Yes. I feel that there is a better chance of passing these two bills. We have introduced two instead of five, the two that we think are of primary importance: the grand jury and immunity bills. I think it has been demonstrated by the vote of the electorate in certain legislative districts. In other words, one member of the house who undoubtedly was subjected and I am sure was subjected to a lot of pressure on the part of the Italian bloc and voted with them contrary to—incidentally this man that I had reference to was a member of the house. He was mayor of Forest Park, a community in which there was considerable gambling, and in which there were bad situations. It came to me, but I can't prove it. He was just coerced. He got the support of this group in his reelection, and the people in that particular area, it is not in the west side area, but it takes in the entire county in which we have some very fine suburbs, including bad towns like Cicero and Melrose Park, in which some of these members of the mob live. He was opposed by a man who formerly sat in the legislature and made a good record, and he was beaten solely, as we are able to determine, because of his alliance with these men and his vote against the crime-commission bills. In certain areas it has been reflected. We know that other members of the legislature who voted for the crime-commission bills, there was a concerted attempt made to defeat them. There was some trading and money, and gambling interests in certain areas have attempted to defeat these men. That situation is true in, I would say, several districts.

Mr. CAHN. Thank you, Mr. Halley.

Mr. HALLEY. Thank you very much, Mr. Pretzie, for this very valuable background information.

Mr. PRETZIE. I will be glad to come back any time.

(Whereupon, at 8 p. m., the committee recessed until 9 a. m. the following day.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

FRIDAY, OCTOBER 6, 1950

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
Chicago, Ill.

EXECUTIVE SESSION

The committee met, pursuant to recess, at 9 a. m., in room 267, United States courthouse (Old Post Office Building), Chicago, Ill., Senator Estes Kefauver (chairman) presiding.

Present: Senator Kefauver.

Also present: Rudolph Halley, chief counsel; George S. Robinson, associate counsel; George H. White, Patrick M. Kiley, William C. Garrett, and W. D. Amis, investigators; and Julius Cahn, administrative assistant to Senator Wiley. Otto Kerner, Jr., United States attorney, Northern District of Illinois; Elmer Oltman, Intelligence Unit, Bureau of Internal Revenue, Kansas City Division; and N. F. Ortwerth, Internal Revenue agent, St. Louis Division. August S. Brown, special agent, Treasury intelligence, Chicago, Ill. Daniel P. Sullivan, operating director, Crime Commission of Greater Miami; and Walter J. Devereux, chief investigator, Chicago Crime Commission, and consultant to the committee.

The CHAIRMAN. The committee will come to order.

Governor Stevenson, will you hold up your hand. Do you solemnly swear the testimony you will give this committee will be the whole truth and nothing but the truth, so help you God?

Governor STEVENSON. I do.

TESTIMONY OF HON. ADLAI E. STEVENSON, GOVERNOR, STATE OF ILLINOIS; ACCOMPANIED BY WILLIAM M. BLAIR, JR., ADMIN- ISTRATIVE ASSISTANT, AND WILLIAM FLANAGAN, HEAD, DIVI- SION OF REPORTS

The CHAIRMAN. I want the record to show that the committee is delighted and honored to have with us the distinguished Governor of the State of Illinois, Gov. Adlai E. Stevenson, who has shown great energy and foresight in trying to get at and handle the problems of crime, organized, and otherwise, in the State of Illinois. The committee has had an opportunity of examining and keeping in touch with Governor Stevenson's work, and I can say without any equivocation that he has shown the type of attitude and action toward getting

at unlawful activities in the State of Illinois that should be very, very encouraging to the good citizens of this State. In addition, the chairman had the opportunity of being with Governor Stevenson at the criminal division of the American Bar Association, where the Governor made an excellent speech which appeared in the Congressional Record, which adds much dignity to your remarks, Governor.

We took the Governor somewhat by surprise. We invited the mayor of Chicago and others to appear, and we were asked if we were going to invite the Governor, and we said we would be delighted to have the Governor come, and did invite him.

Governor Stevenson, would you tell us anything you think will help the committee, both as to legislative matters and information that you may have?

Governor STEVENSON. Mr. Chairman, I appreciate your kind remarks about what we have been doing in Illinois. I can briefly summarize my experience with commercialized gambling, which is the only direct experience I have had with organized crime in Illinois since I have been Governor, somewhat as follows:

I took office in January 1949. At that time it was apparent from general public information that the use of gambling devices such as slot machines, roulette, craps, and things of that kind were commonplace in Illinois. There were also some large and notorious handbooks operating. The distribution of the slot machine was very extensive. By that, I don't mean to say that they operated only in all of the counties, but in a good many.

Early in 1949 the situation in certain counties came forcibly to our attention in Springfield due to delegations, usually from ministerial associations, who waited upon us or from complaints received through the mails. After prolonged discussion of this matter and what to do about it, we concluded—that is, the attorney general and I concluded—that we should institute a rather consecutive and continuous series of interviews with local law-enforcement officials—I mean State's attorneys, sheriffs, and mayors—in communities where gambling existed.

That process went on for quite some time. It still goes on. We found it yielded some results, that in a good many counties, I would say that demonstrably in 8 or 10, gambling which theretofore had been prevalent was discontinued by local action following one or more conferences in Springfield with local law-enforcement officials. We were at great pains to make these conferences highly confidential so that the local law-enforcement official would get the credit for having discontinued gambling in his locality, which of course was the major inducement for him to cooperate.

In many other counties, however, we found that gambling either stopped temporarily and then was resumed after varying intervals of anywhere from 2 weeks to 2 months, or that in some places it never stopped at all and that our importunities were unavailing.

During this interval I was in the process of reorganizing the Illinois State police, which had theretofore been sponsored wholly politically, and with thanks to the cooperation of the Illinois General Assembly we got a bill enacted in June of 1949 that enabled us to put the Illinois State police on a strictly merit basis. During the period of transition from a political police force to a strictly professional police force

there were a great many discharges and replacements. The result is that our police force was somewhat demoralized and was also very undermanned. I didn't feel that during that interval it would be proper or even wise to use the state police to supplement our moral pressures on local law-enforcement officials to comply with the law.

However, by the winter of 1950 the police force had been virtually reorganized, the work had been substantially completed, replacements had been made. We recruited new men and had an opportunity to give them 6 weeks of professional training in our police schools, and they had also had some opportunity to serve actually on the roads and in the districts throughout the State.

So we concluded in the winter of this year that we were now in a position to use the State police in those counties where the resistance had been stubborn and where there had been no cooperation, where law enforcement had broken down, if you please, and where the local officials showed no disposition to do their duty. That we commenced in May of 1950, first in Madison County on these two large notorious handbooks, the Hyde Park and the 200 Club. Since then we have been raiding continuously on the basis of preliminary investigations in counties to determine the existence and the whereabouts of gambling devices, with the result that I have some tabulations here. Whether they are of any interest to the committee or not I don't know.

The CHAIRMAN. We would like very much to have them made a part of the record, Governor, and you refer to any parts of it that you wish.

Governor STEVENSON. I will present this for the record. It merely sets forth in detail what we have done through the use of the police. This does not reflect what has been done in the way of direct negotiation.

The CHAIRMAN. May I ask if it is a confidential matter or is it public?

Governor STEVENSON. We will make it public. There is no reason why it shouldn't be. It shows that we have raided 73 towns, 308 establishments, that we have seized and either destroyed or there are currently pending applications for orders to destroy 700 gambling devices, and 84 miscellaneous gambling devices. The total number of police involved in these raids is 510. The total funds, money found in them or seized in one way or another is \$73,000.

(The documents referred to are identified as exhibit No. 26, and are on file with the committee.)

Governor STEVENSON. The result of all this, Mr. Chairman, is that we think—I use the word “think” advisedly because I have no comparative statistics—that commercialized gambling in Illinois is at the lowest ebb in many years. The collector of internal revenue for the southern district of Illinois, which includes 73 counties, reports that applications for Federal tax stamps for gambling devices has declined more than 40 percent in 1 year, that is, August 1949 to August 1950. These machines, however, persist. Although, as I say, they are rapidly disappearing in commercial establishments, they still persist in clubs, service club posts, country clubs, private establishments very generally. There has been a marked decline in those, but by no means comparable to the decline in commercial establishments, taverns, gambling joints.

I don't have at hand the figures with respect to applications for Federal tax stamps in the northern collection district of Illinois, but there I think the percentage is that the decline was roughly the same, 40 or 50 percent less in 1 year.

We think, in conclusion, Mr. Chairman, that these conferences which as I say persist to this day with local law-enforcement officials, sometimes proffering them the assistance of local investigators to help them to determine facts in their counties, and the use of this instrumentality of the State police, has been exceedingly effective, but I am talking wholly about commercialized gambling, no other form of crime, and I am limiting what I have to say to the interval in which we can demonstrably show what has been accomplished, commencing in May 1950. As I say, before that period I think we knocked out 8 or 10 counties which were bad ones, largely by the co-operation of the local officials. This is expensive. It diverts a great many men from other duties. We have in Illinois a State police authorized by law of 500 people to patrol all the roads of the State, 400 miles long, from Cairo to Wisconsin. If you deduct administrative personnel, radio operators, and so on, of 50, that gives you 450 men. On an 8-hour-shift basis, that means that you haven't more than about 17 working at any one time to patrol all the highways of the largest primary highways system in the United States, or 12,000 miles. You can see that the diversion of this manpower from their statutory duties to supplement local police enforcement is at the expense of a proper highway patrol.

If I may say one more word, I am perfectly frank to say, as I have publicly on several occasions, I don't like to see the State intervene in matters of local law enforcement. I think it represents a breakdown, not so much a crackdown as a breakdown of local law enforcement, that it is wrong, that it is wrong in theory, and it is expensive and inefficient in practice, but I see nothing else to do in circumstances such as we have encountered, where there has been a prolonged breakdown of local law enforcement. In that case I think people will demand and they will get the service of higher levels of government.

The CHAIRMAN. To what would you assign the reason for the breakdown of local law enforcement in the counties or communities where you found that to exist?

Governor STEVENSON. One, the corruption of local law enforcement officials, who profit from protection. Two, campaign contributions, which is another form of corruption, I presume. Three, public indifference, which I believe speaks for itself, the fact that the localities themselves don't insist upon adequate performance of duty by local officials. I think those in all their ramifications probably constitute the principal explanation for it.

I must say that there are cases where local law enforcement officials give evidence of sincerity and of confidence, but they are so inadequately staffed, States' attorneys who have no investigators in these small towns, that I am somewhat sympathetic with the position that they find themselves in.

The CHAIRMAN. Then in the final analysis your point 3 is really the basic reason for most of the difficulty; that is, public indifference, or the lack of an aroused public.

Governor STEVENSON. I think it is a very major contributing factor. You will usually find in these communities where they have a long,

persistent record of nonenforcement, that there is some public indication about it and some public concern about it, but it frequently represents the minority attitude. I don't want to be misunderstood there. I think once the people fully appreciate what is going on in their town, they get aroused. For the most part, they are not fully appreciative of what is going on in their counties. I can illustrate by the case of Lake County, adjoining Chicago to the north, the county in which I live. The eastern portion of that county along the shore of Lake Michigan is inhabited by people who for the most part work in Chicago and commute back and forth to Chicago. They have little knowledge, awareness, or concern, apparently, as to conditions that persist in the county to the west of them. It is that sort of thing that I refer to. I don't say it in criticism. I say it more in a sense of frustration and disappointment of people who do not have a proper interest in local government.

The CHAIRMAN. What part of gambling have your State enforcement officers found to be syndicated or so-called big-time organized activity?

Governor STEVENSON. I wish I could answer that simply. I am afraid I can't. Senator, for this reason: We are not equipped to make elaborate investigations of personnel, individuals, connections, and that sort of thing. About all we can do is to go in and seize the equipment and appear before the court and ask for an order of destruction. Therefore, I don't think we can say with any certainty that we know too much about connection, syndicates, and so on. I can say, however, that I think we have some evidence, at least by hearsay, of the existence of some—and don't hold me to this figure—some 35 syndicates of various cities, whether it is, say, a local distributor of slot machines or whether it is the local agency of a much larger distributor. That material I don't have here, but I would be very glad to have the director of public safety or the attorney general's office or someone appear again at your convenience and give you whatever we have or even preferably I would be delighted to have a representative of the committee come to Springfield and go through our public safety department files.

The CHAIRMAN. That is very generous, but we would appreciate it if you would have someone send us such information as you have on that point.

(The information furnished is identified as exhibit No. 27, and is on file with the committee.)

The CHAIRMAN. Governor Stevenson, it is not our province to recommend for or against State or local legislation on its merits, but we have been very much interested in the difficulty and I think perhaps unsuccessful, although hard fight you made in the last legislature to try to get some improvement in criminal procedure and grand-jury proceedings and what not. In that connection would you describe the opposition and the difficulty you had with it?

Governor STEVENSON. In anticipation of that question, Mr. Chairman, I have done no more than try to refresh my own recollection of precisely what happened by reference to the legislative digest, which, accounts for the fate of the bills sponsored by the Chicago Crime Commission in the last session of the legislature. There were five of them in all. Two of these bills never passed the Senate. They died in

committee. Three of them passed the senate and went to the house. In the case of two of them the house committee on the judiciary recommended that they do not pass and the bills were tabled in committee. In the third, the grand jury bill, which was the one on which there was a general concentration of effort to secure its passage, the house judiciary committee recommended that the bill do not pass. On the floor of the house there was a motion to nonconcur with the committee report, and on the roll call in the house, June 1, 1949, the bill was tabled by a vote of 66 to 56.

I don't have the breakdown name by name of the vote in the house. I can add only that this was a bitter contest. There were elements in the legislature which were opposed to these bills and have been traditionally. I think you are all familiar with that. On the other hand, there were many very conscientious people—perhaps I shouldn't say many, but there were a number, and I recall talking to all of them one by one personally—who voted against this grand jury bill, for reasons that I cannot in any way associate with any desire to frustrate criminal justice. They sprang from lawyers' convictions about proper administration of justice. They sprang perhaps in part from a misunderstanding of the use to which an extension of the term of the grand jury in a county was put, the fears of political persecution and things of that kind. There were many downstate members who voted against this bill, people in no way connected with the Chicago crime situation.

The CHAIRMAN. Is it fair to say, however, that there was substantial opposition to the bill and to the other parts of the program flowing out of what you believe to be a desire to protect certain criminal elements or certain types of illegal activities?

Governor STEVENSON. That is my surmise. Obviously I can't prove that, but that is my surmise. I think that is generally conceded to be true.

The CHAIRMAN. Was it the West Side senators from Chicago—is that the section?

Mr. ROBINSON. The river wards.

Governor STEVENSON. Both senators and members of the house who were bitterly opposed to it. I must add there were others bitterly opposed to it who were in no way identified with them.

The CHAIRMAN. Governor Stevenson, what province, if any, or what additional activity do you think Congress might take on behalf of the Federal Government to supplement or to assist or in any way properly to help State or local law-enforcement officers with their problem?

Governor STEVENSON. Senator, in a preliminary way, because I might have more considered views later on this, I think there are three ways that occur to me, none of which is my original thought. One is of course to forbid the interstate shipment of gambling devices.

The CHAIRMAN. How would that help you here in Illinois? Aren't most of the coin machines made in the State of Illinois?

Governor STEVENSON. They are. I think virtually all of them are actually made in Chicago. It would help us in this respect, I think and hope: That if the business was confined wholly to the manufacture of slot machines for Illinois, and if we had vigorous and continuous law enforcement in Illinois, you would dry up the market. That is fairly obvious. I think it would help us in that respect.

I also think that the interstate distribution by wire in any of its forms of racing news would tend to make operation of horse parlors and bookie joints less profitable and perhaps thus break the back of that problem.

There is one other thing that I should like to add on which I don't speak with any great degree of confidence. It has always seemed to me anomolous and contradictory that the Federal Government should issue tax stamps for gambling devices; in other words, that the Federal Government should tax what the State of Illinois outlaws. I believe I would recommend that the Federal Government repeal the Federal tax on gambling devices on slot machines, et cetera, in States where they are illegal. It makes for confusion, makes for a curious moral confusion at the local level. People simply cannot understand why the Federal Government licenses, as they put it—we know it isn't a license, it is a tax—they call it a license, why it licenses a device and we destroy it. That is a difficulty that I think could be remedied by the repeal of the tax provision.

The CHAIRMAN. In States where they are illegal?

Governor STEVENSON. Where they are illegal; yes. There is a certain inconsistency about that.

The CHAIRMAN. Maybe Mr. Kerner can help us out on this. Is there a precedent for applying a tax provision to one State without applying it to the Nation generally?

Mr. KERNER. I know of none.

The CHAIRMAN. Or some of your internal revenue people may help us.

Mr. KERNER. As a matter of fact, a similar type of stamp tax is the alcohol stamp, which is issuable of course in dry States as well as wet States.

The CHAIRMAN. I think that is a problem that this committee should cope with and go into. We have had that same complaint brought to our attention many places, that it takes away the moral sting of having these things if the Federal Government gives them some sanction by taxing them.

Governor STEVENSON. At least the people think it is a sanction, whether it is or not.

Mr. KERNER. The advantage that I can see, Governor—it has been used certainly extensively in the last few years, particularly in Cook County and perhaps by the State—has been the publication of the names of the individuals and the locations of the various slot machines, which has then been used as an address book, you might say, for the local law enforcing authorities to investigate those locations and find these slot machines and take them and destroy them.

Governor STEVENSON. I would like to say there, in view of what the United States attorney says, that we have had the utmost cooperation from the collector of internal revenue in making available to us information about tax stamp applications, which have given us the lead on many locations; and somewhat due to our initiative, I think, they have started this practice of publication of these localities for the first time in the history of Illinois in the last 6 months, continuous weekly publication of all applications for tax stamps. That has been a useful thing which we would lose in the event you repealed the tax stamp.

The CHAIRMAN. I saw in some Chicago paper some months ago editorials indicating that the Internal Revenue Department ceased

posting a list of slot machine applications here in Cook County. I spoke to Mr. Foley about it. I think that that decision was reversed. Wasn't it, Mr. Kerner?

MR. KERNER. I don't know exactly what took place, but I do recall that I believe it was said that it would be withheld for a period of time, his tabulation of those licenses, and he did later, I believe, around the 1st of September or thereabouts, tabulate them for the newspapers. In other words, there are not only gambling device licenses in that section of the cashier's office, but apparently all other types of Federal license stamps. It was just a temporary manpower shortage that caused the refusal to give that information at that time.

GOVERNOR STEVENSON. In the district situated in Springfield, Mr. Chairman, they have issued the figures and the names from the start, when we commenced this thing 6 months ago.

THE CHAIRMAN. Do you have any difficulty, Governor Stevenson, with the present fugitive from justice law, that is, in certain types of cases the Federal Government helps you get people back, in felonies, I believe? Is there anything to the argument from your viewpoint that the Fugitive From Justice Act should be extended and strengthened? Or has it worked to thwart an administration of justice in Illinois?

GOVERNOR STEVENSON. I am really not prepared to comment on that. I just don't know. That has not been a problem that has come to my attention.

THE CHAIRMAN. Do you have any questions, Mr. Halley?

MR. HALLEY. No questions.

THE CHAIRMAN. Mr. Robinson?

MR. ROBINSON. Yes, Mr. Chairman; I would like to ask the Governor three or four questions.

GOVERNOR, did you experience any difficulty in connection with the Hyde Park raid so far as the courts were concerned?

GOVERNOR STEVENSON. We are in the midst of a great deal of difficulty right now. It is important to distinguish between the two establishments, the 200 Club and the Hyde Park Club. In one case the operators plead guilty. There was no problem there, or relatively little problem aside from delays and what not. In case of the other one they didn't, and there we are now confronted with an opinion by the county court, the county judge of Madison County which finds that the State of Illinois has no legal authority to use the State police for gambling raids. He has construed very narrowly the statute which recites the jurisdiction of the State police, and he has refused to order the destruction of the equipment seized in that raid or the money. He has entered an order to the State to turn over the equipment and the money to the operators. It presents us with some difficulty because he doesn't define and doesn't indicate who the operators are, so we don't know to whom to turn it over, just as an example of what seems to me the incongruities in this decision.

In the second place, if he narrowly limits the jurisdiction of the State police to crimes committed on the highways only, you can see the implications. Does that mean that a State policeman can't prevent a murder or a felony off the highway? It seems incredible.

In that case, however, we have already appeared before the judge again to ask him to reconsider his order and to amplify it, and I have

no doubt that we will take an appeal from it and that ultimately we will get a decision of the highest tribunal in Illinois.

The details with respect to this thing are extensive, and I think if you would like to have a more elaborate description of the legal proceedings down there I would have to provide it to you otherwise or ask to be heard again, or preferably I would suggest that those questions be addressed to the attorney general.

Mr. ROBINSON. I was just interested in that one point. I had seen some comment on it, that there had been some legal question raised about the authority of the State police under the law to do what they did.

Governor STEVENSON. You see, that was a bookie case.

The CHAIRMAN. Is that the case this fellow Moore ran, or is that the Hyde Park Club?

Governor STEVENSON. It was the Hyde Park, Moore's place.

Mr. FLANAGAN. Moore's was the Hyde Park.

Governor STEVENSON. You see, Senator, if this opinion stands, we can't even raid slot machines, let alone bookies, because the opinion doesn't limit itself wholly to the type of devices seized pursuant to a search warrant. In these two bookie cases it says categorically that the State police have no right to interfere in matters of local law enforcement.

The CHAIRMAN. Anything else, Mr. Robinson?

Mr. ROBINSON. I have one further question, Governor. You mentioned that there were perhaps a number of legislators who sincerely voted against the grand jury bill. Do you know whether or not those same individuals voted against, I think you called it the provisions of the legislation seeking to change the constitution to provide a way for amending the constitution?

Governor STEVENSON. No. I am sure not all of them by any means. There was a group of representatives from the city of Chicago who were obviously more preoccupied with defeating the grand jury bill than they were with the constitutional convention. I think that is what you are referring to.

Mr. ROBINSON. That is true.

Governor STEVENSON. That was the trade that you have heard mentioned from time to time?

What I was saying is that there were fellows who voted against these bills in good conscience. I think they were misguided and wrong, but they did. They were not people who by any remote chance you could identify with any syndicate representation or gambler representation in the legislature.

Mr. ROBINSON. Governor, has there come to your attention at all any examples of influence of the so-called mob on State, county, or local political organizations?

Governor STEVENSON. I can't say that myself, that I know of any connection between the mob and local political organizations.

Mr. ROBINSON. By way of political contributions or otherwise.

Governor STEVENSON. I just don't know. It is entirely hearsay and suspicion on my part. I can't testify from any personal knowledge. You do run into things that don't have perhaps any too much to with big organized syndicates in localities throughout Illinois where there has been a sort of bipartisan arrangement apparently for years,

whereby one party elects the sheriff and the other party the State's attorney, and then when the people complain about non-law enforcement they pass the buck back and forth and put the people in a sort of cross rut between the two parties, each on disclaiming any responsibility for it and blaming the other. Then in the next election they will reverse the tables, and a Democrat will become State's attorney and a Republican sheriff, and vice versa. I don't identify that with any major organization that may exist.

Mr. ROBINSON. It also has been indicated, Governor, that this so-called syndicate through shady ward committeemen control several thousand votes in Illinois. Do you have any comment to make on that?

Governor STEVENSON. None except the obvious one that if they are as powerful as they appear to be, I would imagine they certainly did, but I can't give you any information to prove anything of that kind. It is just surmise. I would like to make it perfectly clear, Senator, that in telling you what we have done I haven't gone into detail. We have done a lot of things. We have been at pains to talk with the telephone company and with the Western Union Co., to get their cooperation. We have attempted to use the Liquor Control Act of Illinois as device for enforcing the gambling laws. We have had some bad luck on that. We are in court on that, as you can imagine. We have attempted to withhold or to suspend the issuance of retail liquor licenses in establishments which have condoned gambling, where there have been actual raids, where it is demonstrable. The supreme court has granted a writ of error, certiorari, or something or other, and is going to review that matter.

The CHAIRMAN. We had some testimony that the matter of issuing a liquor permit, either retail or wholesale, was purely a local matter with the city police here in Chicago, for instance. I wondered if the State did have some jurisdiction over these permits.

Governor STEVENSON. The law in Illinois has been construed by the lower court to be in effect that the State must issue a license to any tavern that has been licensed by the city. We have taken the position that, no; that would make the State's function meaningless and that the State itself must review the qualifications of applicants. The appellate court reversed the lower court and now it is on appeal to the State supreme court, but it won't be a satisfactory answer in that particular case because it doesn't relate to gambling per se. We have had a great many difficulties. We take the position that if we are going to go into this thing, however reluctantly, we have to go in it all the way. As I say, we have encountered this decision in Madison County which challenges the whole problem of the State's constitutional right to intervene, and we have also encountered this very limited notion of what the powers of the State patrol are.

Mr. ROBINSON. In connection with activities to suppress slot machines, have you encountered any propaganda efforts on the part of the manufacturers of slot machines or association of the manufacturers of slot machines to play up the fact that slot machines are used by charitable organizations for charitable purposes and provide a means for obtaining money for those purposes, and play down the use of slot machines for outright gambling activities?

Governor STEVENSON. No; I haven't encountered that. I have had no personal contact with the associations of the industry. I was under

the impression that they had been rather cooperative. I am afraid I can't comment intelligently on that. It is a little vague to me. It is just things I have heard.

Mr. ROBINSON. That is all.

The CHAIRMAN. Governor Stevenson, we are most grateful to you for coming and giving us the benefit of your experienced recommendations. I know it has been quite a sacrifice.

(Off the record.)

FURTHER TESTIMONY OF PAUL DeLUCIA (PAUL RICCA), RIVER FOREST, ILL.

The CHAIRMAN. Mr. DeLucia, you have been previously sworn in this proceeding, and Mr. Robinson has some additional questions he wants to ask you.

Mr. DeLUCIA. Before you start, Mr. Robinson, I received a letter the other day about me bringing some more checks. I tried to see you yesterday, and I want to explain. I haven't got them checks. That was from away back.

Mr. ROBINSON. I see.

I think you previously testified regarding the fact that you had in cash the sum of \$300,000 before you went into the penitentiary.

Mr. DeLUCIA. Yes.

Mr. ROBINSON. And that you had that sum, of course, when you came out.

Mr. DeLUCIA. That is right.

Mr. ROBINSON. Was that the total amount that you had?

Mr. DeLUCIA. I had about that much; yes. I give it the best I could.

Mr. ROBINSON. What have you done with that \$300,000 since you came out of the penitentiary?

Mr. DeLUCIA. I used it on my farm, for living, and that is all.

Mr. ROBINSON. How much of it do you have left at the present time?

Mr. DeLUCIA. I told you I had about \$40,000 left.

Mr. ROBINSON. \$40,000 left out of the \$300,000.

Mr. DeLUCIA. That is right.

Mr. ROBINSON. What is the purpose of putting that back into the farm?

Mr. DeLUCIA. Well, I can't get in no business. When I come out I could do nothing. I had the farm, so I figured the farm was in terrible shape and I had to do all that building and all that.

Mr. ROBINSON. Is there any other reason?

Mr. DeLUCIA. No.

Mr. ROBINSON. Did you make some saving on your income tax in that respect, by putting your capital back into the farm?

Mr. DeLUCIA. I suppose the bookkeeper can tell you better that. It is a capital investment.

Mr. ROBINSON. I believe you also testified previously, Mr. DeLucia, that you had made several loans since you came out of the penitentiary.

Mr. DeLUCIA. Yes; two loans.

Mr. ROBINSON. Do you remember when the first one was?

Mr. DeLUCIA. I think the first one was around 1948. I am not sure about 1948.

Mr. ROBINSON. Did you receive a loan from Mr. Bennett?

Mr. DeLUCIA. Yes, sir.

Mr. ROBINSON. When, to the best of your recollection?

Mr. DeLUCIA. To the best of my recollection it was around the spring or a little later than the spring, something around that.

Mr. ROBINSON. Do you remember how long it was after you came out of the penitentiary that you made that loan?

Mr. DeLUCIA. I would say about a year, anyway.

Mr. ROBINSON. A year after you came out?

Mr. DeLUCIA. Something like that, maybe less or more.

Mr. ROBINSON. Will you tell what the circumstances were?

Mr. DeLUCIA. I told you, Mr. Robinson, I figured I had to spend a lot of money there. I made my plans to improve the farm to the best I could do it, and I said with this money I got, I always try to keep some cash on hand, and I tried to borrow some money on my house or something so I have some money to play with.

Mr. ROBINSON. Why did you pick Mr. Bennett?

Mr. DeLUCIA. Because Bennett—I couldn't go to no bank. Nobody would borrow me any money on my reputation and all that, so I scratched my head and said, "Oh, gee." I knew Bennett was working at the track, and I said, "Maybe he can help me." I called him, and that is all.

Mr. ROBINSON. Hadn't you got even loans from banks or insurance companies?

Mr. DeLUCIA. \$11,000 worth. I went to the bank where I was dealing, and I asked them if I could get more money, and I brought my insurance policy, securities and this and that. I couldn't get a penny. He said, "No, you have to bring collateral or else you get nothing." So I had to get all my bonds, the bonds I had and put them in escrow to them and I got dollar for dollar. That is the chance the bank took. So that is all I got. I talked to Bennett and I explained my situation, and he said I will try to do the best I can.

Mr. ROBINSON. When did you first get in touch with Bennett?

Mr. DeLUCIA. I don't remember. It was somewhere around that time. I was looking out for myself ahead, Mr. Robinson. He said "I will let you know." Then later on I called and he said, "Any time you want it."

Mr. ROBINSON. Did you see him personally or call him by telephone first?

Mr. DeLUCIA. I called him by phone first.

Mr. ROBINSON. You asked him then for the loan?

Mr. DeLUCIA. I called him and wanted to see him. He came over to the house and I talked to him.

Mr. ROBINSON. How long have you known Bennett?

Mr. DeLUCIA. I have known Bennett for a long time. I knew him when he was a kid.

Mr. ROBINSON. How many times had you seen him while you were in the penitentiary?

Mr. DeLUCIA. I never saw him in the penitentiary.

Mr. ROBINSON. Did he ever write to you in the penitentiary?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. How many times did you see him before you went into the penitentiary?

Mr. DeLUCIA. I asked him about the track or something like that. I used to see him sometime with the family or something like that.

Mr. ROBINSON. How frequently would that be?

Mr. DeLUCIA. Oh, you have got me on something I wouldn't know, not so much, but quite a few times.

Mr. ROBINSON. Would it be four or five times a year?

Mr. DeLUCIA. I would say so, yes.

Mr. ROBINSON. Not more than that?

Mr. DeLUCIA. Well, maybe more or less.

Mr. ROBINSON. Did you know Bennett's father?

Mr. DeLUCIA. Yes, very well. I know his brother.

Mr. ROBINSON. What business is his father in?

Mr. DeLUCIA. His father was a painter, as much as I know.

Mr. ROBINSON. By painter you mean—

Mr. DeLUCIA. He was an amateur painter, or something, but here is what it is: The real story is that he used to be, when I used to work in the theater, when first I came over here, he used to take part in the Italian show there. He used to play parts. He would take part in the show. That is how I know him.

Mr. HALLEY. What is Bennett's right name?

Mr. DeLUCIA. Benvenuti.

Mr. ROBINSON. How was the first loan made?

Mr. DeLUCIA. I don't remember, Mr. Robinson. I think the first one I got \$10,000. Then I got the rest.

Mr. ROBINSON. How did you get the rest?

Mr. DeLUCIA. I don't remember if I got checks or cash.

Mr. ROBINSON. Do you recall whether or not you got a check first from Bennett?

Mr. DeLUCIA. Yes, I got the first check and then I got \$30,000 check, I think, all by check.

Mr. ROBINSON. You definitely remember whether you got the second check of \$30,000 from Bennett?

Mr. DeLUCIA. I am pretty sure. Don't hold me to that. You know, Mr. Robinson, I try to tell you the best of my recollection, and I think that is what it is. Don't hold me to it because lot of things happen to me and my mind at times gets hazy on this stuff.

Mr. ROBINSON. You know how you would get a \$30,000 loan.

Mr. DeLUCIA. I think I got a check both times.

Mr. ROBINSON. Did you at any time get cash as part of that \$30,000?

Mr. DeLUCIA. No; I don't think so.

Mr. ROBINSON. Would you say you didn't?

Mr. DeLUCIA. I wouldn't say that, but I am pretty sure I got checks. I deposited it in the bank.

Mr. ROBINSON. Was there a mortgage that went with that first \$40,000 loan?

Mr. DeLUCIA. That is right.

Mr. ROBINSON. On what property.

Mr. DeLUCIA. On Long Beach. I told them, I said, "I am going to sell this." I had a prospect for sale. They came around. First they say they do and then when we tried to close the deal they backed down. I have a few prospects now to sell. As soon as I sell I gave him the money.

Mr. ROBINSON. Did you actually give a mortgage on that property?

Mr. DeLUCIA. Why certainly.

Mr. ROBINSON. Do you remember what the terms of the note were?

Mr. DeLUCIA. I think the mortgage was around 4 or 5 percent. I don't know, 4 or 5 percent interest, something like that.

Mr. ROBINSON. Was there any due date on the mortgage?

Mr. DeLUCIA. Yes; 5 years. I figured in 5 years I would sell.

Mr. ROBINSON. You have paid no interest on that mortgage?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Was that part of the arrangement?

Mr. DeLUCIA. I don't know. My understanding was that I was going to pay the whole thing. You see, the idea was that I was going to sell the house.

Mr. ROBINSON. How did you receive the second loan?

Mr. DeLUCIA. The second loan I got a check—I met him at the Cicero bank and I think the check was cashed over there.

Mr. ROBINSON. Was the check made out to you?

Mr. DeLUCIA. To me; yes.

Mr. ROBINSON. And was cashed at the Cicero bank?

Mr. DeLUCIA. I don't remember the name of the bank, a Cicero bank.

Mr. ROBINSON. What did you do with that money?

Mr. DeLUCIA. I kept it myself and I used it.

Mr. ROBINSON. Did you put any of that money in the bank?

Mr. DeLUCIA. Why certainly, whatever money I had left. Until I needed some money for the family I put it in the bank.

Mr. ROBINSON. Do you have any records to show that?

Mr. DeLUCIA. You have the bank records.

Mr. ROBINSON. Do you know whether that \$40,000 loan, the second one, was entered in your books or not?

Mr. DeLUCIA. I think so. I think it was entered in my books.

Mr. ROBINSON. Who keeps your books?

Mr. DeLUCIA. Bernstein. You have the books there.

Mr. ROBINSON. Do you remember telling him to enter that in the books?

Mr. DeLUCIA. Certainly he put it in the books; yes.

Mr. HALLEY. While we are on that second loan, did you give a note for it? Did you sign a note?

Mr. DeLUCIA. I gave him the deed to the farm and all that.

Mr. HALLEY. You didn't sign the deeds over, did you?

Mr. DeLUCIA. No. This lawyer got all that stuff.

Mr. HALLEY. What is the lawyer's name?

Mr. DeLUCIA. Joe Butler.

The CHAIRMAN. Where is he?

Mr. DeLUCIA. He is at 105 Adams Street.

Mr. HALLEY. Why did you need the second loan?

Mr. DeLUCIA. Because I was getting pretty close. I needed some more money. As I told you, I always like to keep some money on hand.

Mr. HALLEY. You made the first loan when, how soon after you came out of prison?

Mr. DeLUCIA. I think about a year or shortly after that.

Mr. HALLEY. How long after that did you make the second loan?

Mr. DeLUCIA. This year, somewhere in the summer, the early part of the summer.

Mr. HALLEY. Just a few months ago?

Mr. DeLUCIA. Yes.

Mr. HALLEY. You borrowed a second \$40,000?

Mr. DeLUCIA. That is right.

Mr. HALLEY. You say the reason is that you were getting short of cash?

Mr. DeLUCIA. Yes.

Mr. HALLEY. You received a check from Bennett?

Mr. DeLUCIA. Yes. I signed it at the bank and I got cash.

Mr. HALLEY. Did you go to the bank with Bennett?

Mr. DeLUCIA. Yes.

Mr. HALLEY. His bank?

Mr. DeLUCIA. Some bank in Cicero. I don't know if it was his bank or not.

Mr. HALLEY. What bank?

Mr. DeLUCIA. I think it was the Cicero State Bank or something like that.

Mr. HALLEY. You signed the back of the check?

Mr. DeLUCIA. Yes, that is right.

Mr. HALLEY. You testified some time ago that you still had \$30,000 or \$40,000 left of your own money.

Mr. DeLUCIA. Now, yes.

Mr. HALLEY. Is that in addition to the \$40,000?

Mr. DeLUCIA. No, all included.

Mr. HALLEY. So that right now is it your testimony that you are broke except for the money you borrowed from Bennett?

Mr. DeLUCIA. No, I ain't broke. I got about \$40,000.

Mr. HALLEY. You have about \$40,000.

Mr. DeLUCIA. Yes.

Mr. HALLEY. But you say you got \$40,000 from Bennett a few months ago?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Is the \$40,000 you have in addition to what you got from Bennett?

Mr. DeLUCIA. No, I mixed all I had. When I got the money I mixed it with some money I had in the bank.

Mr. HALLEY. So right now you have——

Mr. DeLUCIA. \$40,000. It would be a little less now.

Mr. HALLEY. That \$40,000 is what you owe Bennett, is that right?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Also you owe him another \$40,000 on the mortgage?

Mr. DeLUCIA. That is right.

Mr. HALLEY. When are you supposed to pay the second \$40,000 back?

Mr. DeLUCIA. I think it is about 5 years.

Mr. HALLEY. In about 5 years?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Did you give him something in writing?

Mr. DeLUCIA. They got my deeds and all that stuff for the farm, whatever it is.

Mr. HALLEY. Did you write something on the back of the deed?

Mr. DeLUCIA. No, I don't remember writing anything.

Mr. HALLEY. You didn't write anything?

Mr. DeLUCIA. No.

Mr. HALLEY. Did you write anything on the front of the deed?

Mr. DeLUCIA. No.

Mr. HALLEY. You just handed it to him?

Mr. DeLUCIA. I just handed him the deed, that is all.

Mr. HALLEY. You could get your deeds back. That doesn't mean anything, does it, handing a man a deed.

Mr. DeLUCIA. I understand the lawyer to say it was all right. Whatever kind of deal it was, I don't know. Those things are done by a lawyer. I don't know about that.

Mr. HALLEY. You didn't even give Bennett a note?

Mr. DeLUCIA. No.

Mr. HALLEY. How did you approach him for the second \$40,000? Will you tell the committee just what happened?

Mr. DeLUCIA. I called him again and I said, "I need a little more money here. I tried to get money from the Metropolitan, I tried to get money from the Oak Park and I tried to get money from the Prudential because I figured maybe I could make a mortgage there, and they all turned me down."

I said, "Hugh, I am in the same predicament," and asked him if he would help me out and he said he would.

Mr. HALLEY. Did you go to see him?

Mr. DeLUCIA. Yes. He came over to the house.

Mr. HALLEY. About when did he come, would you say?

Mr. DeLUCIA. I don't remember that, Mr. Halley.

Mr. HALLEY. Was it summertime?

Mr. DeLUCIA. How can you remember that?

Mr. HALLEY. It is a very important thing to remember, so let's try hard?

Mr. DeLUCIA. He come over to the house and I told him, see?

Mr. HALLEY. Was it in May, June——

Mr. DeLUCIA. It was around there. It was shortly before I got the mortgage.

Mr. HALLEY. Shortly before you got the mortgage.

Mr. DeLUCIA. Yes. He said give me the paper and I will have a lawyer work on it.

Mr. HALLEY. We are not talking about the mortgage. We are talking about the second loan.

Mr. DeLUCIA. That is right, yes.

Mr. HALLEY. There was no mortgage on the second loan?

Mr. DeLUCIA. They have got it, the lawyer. I don't know. It is at the bank or some place.

Mr. HALLEY. I thought you said that the mortgage was on the first loan.

Mr. DeLUCIA. A mortgage on the farm, too, on the second loan.

Mr. HALLEY. You made out a second mortgage?

Mr. DeLUCIA. That is right.

Mr. HALLEY. I thought you said you didn't sign any papers.

Mr. DeLUCIA. I didn't sign any papers. I don't remember signing any papers. If I signed any I don't know.

Mr. HALLEY. How could you give a mortgage without signing a paper?

Mr. DeLUCIA. Because my property is in trust with the Oak Park National Bank, and I told them that and they went over to the bank there and they made it.

Mr. HALLEY. You mean they got a mortgage from the Oak Park Bank?

Mr. DeLUCIA. I suppose; yes. That is how they worked it.

Mr. HALLEY. What lawyer represented you in the transaction?

Mr. DeLUCIA. I didn't have a lawyer. The Oak Park Bank is my trustee, you see.

Mr. HALLEY. What kind of trust is that?

Mr. DeLUCIA. I put all my property in trust.

Mr. HALLEY. When did you do that?

Mr. DeLUCIA. I did that I think about a year or so after I came out.

Mr. HALLEY. Is it a trust of which you are the beneficiary?

Mr. DeLUCIA. No; my kids and my wife.

Mr. HALLEY. Your kids and your wife are the beneficiaries?

Mr. DeLUCIA. That is right.

Mr. HALLEY. The Oak Park National Bank is the trustee.

Mr. DeLUCIA. The trustee; yes.

Mr. HALLEY. With whom do you deal personally at the Oak Park Bank? Who is the man who takes care of your matters?

Mr. DeLUCIA. I don't know who it is. I think the fellow who did that for me was Joe Bulger. I think one of the fellows was Tomasco and Spring.

Mr. HALLEY. Joe Bulger?

Mr. DeLUCIA. Joe Bulger is the one that made the trust for me.

Mr. HALLEY. He made the trust for you. I thought you said he was Bennett's lawyer.

Mr. DeLUCIA. No. That is Butler who is Bennett's lawyer.

Mr. HALLEY. And yours is Bulger?

Mr. DeLUCIA. Bulger, Joseph Bulger. You know him.

Mr. HALLEY. Is Bulger the man who used to be the head of the Italian-American League?

Mr. DeLUCIA. Yes, sir; in fact, he is now.

Mr. HALLEY. And he is your lawyer?

Mr. DeLUCIA. That is right. He was on that thing. He took care of it.

Mr. HALLEY. He made the trust for you.

Mr. DeLUCIA. That is right.

Mr. HALLEY. Who are the people at the bank who handled it?

Mr. DeLUCIA. I think either Mr. Spring or Mr. Tomasco.

Mr. HALLEY. Was the trust an irrevocable trust, do you know?

Mr. DeLUCIA. I don't know that.

Mr. HALLEY. But it was a trust for your children and your wife?

Mr. DeLUCIA. That is right.

Mr. HALLEY. And not for you? Are you one of the beneficiaries, too?

Mr. DeLUCIA. I don't know. My understanding is that it is me and my wife and the kids.

Mr. HALLEY. This trust?

Mr. DeLUCIA. Yes, that is right.

Mr. HALLEY. Then you needed \$40,000 yourself.

Mr. DeLUCIA. That is right.

Mr. HALLEY. And your trustee borrowed \$40,000 for you.

Mr. DeLUCIA. That is the way I understand, yes.

Mr. HALLEY. And the trustee agreed to give you a mortgage?

Mr. DeLUCIA. I suppose. Don't hold me on that technicality, Mr. Halley. I am green on that. I told you what happened, and that is all there is. If you go into those details, I will give you an answer, I want to give you an answer that makes sense.

Mr. HALLEY. The technicalities may prove to be important and we have to get them.

Mr. DeLUCIA. I am sure I can't give you a better answer than that.

Mr. HALLEY. You give the best answers you can.

Mr. DeLUCIA. That is the best I can give you.

Mr. HALLEY. You needed \$40,000 for yourself, is that right?

Mr. DeLUCIA. That is right.

Mr. HALLEY. For what purpose?

Mr. DeLUCIA. For the farm, for living.

Mr. HALLEY. For living.

Mr. DeLUCIA. Why, sure, for my farm and for my expenses on my farm and for my living.

Mr. HALLEY. At that time how much money did you have left?

Mr. DeLUCIA. Jesus, I wouldn't know, Mr. Halley. I was getting pretty low.

Mr. HALLEY. We can figure it out very easily. You testified—Don't look troubled by this. This is very important and I would like your cooperation.

Mr. DeLUCIA. I try to give you all I can. I don't know how much money I had. I don't know how much I had left. I know it was getting pretty low, you see, Mr. Halley, but I can't give you the number. I can't.

Mr. HALLEY. You had a bank account, didn't you?

Mr. DeLUCIA. That is right.

Mr. HALLEY. In what bank?

Mr. DeLUCIA. Northern Trust.

Mr. HALLEY. In Chicago?

Mr. DeLUCIA. Yes.

Mr. HALLEY. That is the bank account out of which you handled all the expenses for the farm?

Mr. DeLUCIA. That is right.

Mr. HALLEY. And your living expenses?

Mr. DeLUCIA. Well, some was cash, you see.

Mr. HALLEY. Some was cash. Do you have any other bank account?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. Why is it that when you get a sum as large as \$40,000 you take that in cash and do not put it in the bank?

Mr. DeLUCIA. That is a lot of money to put in a bank, \$40,000, all at one time, Mr. Halley.

Mr. HALLEY. Don't you think it is a lot of money to keep in your house in cash?

Mr. DeLUCIA. Well, I needed some cash for the house. I needed some cash, you know, you never can tell. So I figure I can keep the money. I always like to keep money in my hands.

Mr. HALLEY. For what did you need sums in money in cash?

Mr. DeLUCIA. I always like to keep money in cash on hand. I was told when I was a boy to keep cash money on hand at all times.

Mr. HALLEY. That is very nice, Mr. Ricca, but we are serious about that. I don't care about what you were told since you were a boy. What I want to know is this: We have seen your books. They were kept for the benefit of the parole officer, and everything is paid by check and kept in the books in great detail. Will you tell this com-

mittee what you needed large sums of money in cash for 3 or 4 months ago?

Mr. DeLUCIA. I always have cash in my home.

The CHAIRMAN. Mr. Ricca, that is not a very satisfactory answer. You have a bank account and keep a lot of money there.

Mr. DeLUCIA. Senator, that is the best answer. Maybe you won't believe it, but that is true.

The CHAIRMAN. There isn't anything about this security matter. The money is more secure in a bank than it is in a box in your house.

Mr. DeLUCIA. That is right.

The CHAIRMAN. We want to know why you had to keep such large sums of money in your house or on yourself.

Mr. DeLUCIA. I am sorry, Senator, I can't give a better answer than that, and I mean it. I am sincere about it. I always like to keep money in my hands.

Mr. HALLEY. At the time you borrowed that money how much money of your own did you have left?

Mr. DeLUCIA. I don't remember. If I say anything else, I tell you a lie. I know I was getting pretty low.

Mr. HALLEY. It was getting pretty low.

Mr. DeLUCIA. Yes.

Mr. HALLEY. Did you have \$10,000 left?

Mr. DeLUCIA. I don't know. I don't know.

Mr. HALLEY. When did you make this loan? You say in the summertime.

Mr. DeLUCIA. Two or three months ago, something like that, three or four months ago.

Mr. HALLEY. How much money did you spend in the last 3 months?

Mr. DeLUCIA. You have it there.

Mr. HALLEY. I have it where?

Mr. DeLUCIA. In the reports and all that.

Mr. HALLEY. No; I want you to tell me.

Mr. DeLUCIA. I don't remember, Mr. Halley.

Mr. HALLEY. Would you say under oath that it is your testimony that everything you spent in the last 3 months is reflected in your books?

Mr. DeLUCIA. I would, yes.

Mr. HALLEY. Do you spend large sums in cash for any purpose whatsoever?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you use any money for gambling?

Mr. DeLUCIA. No.

Mr. HALLEY. Did you lend any of that money to anyone else—

Mr. DeLUCIA. No, sir.

The CHAIRMAN. Wait and get the question now. Did you lend any of that money to anyone else—

Mr. DeLUCIA. No, sir; no, Senator.

The CHAIRMAN. Or give it to them?

Mr. DeLUCIA. No, no.

Mr. HALLEY. You are sure of that?

Mr. DeLUCIA. Since I come out, Mr. Halley, I made a good start to go straight. I have tried to straighten myself out as best I could. I want you to believe me on that. I haven't done anything out of the way at all.

Mr. HALLEY. How did you expect to get the money to pay back \$40,000?

Mr. DeLUCIA. I expected that in the next year or so the farm would be producing some money for me. I have a stock of steers there, I have corn coming up, I have 420 acres of corn to sell, I have about 2 acres of soybeans to sell, I sold about \$9,500 worth of wheat. I think if I fix all those buildings, and I had to have a place to keep the animals and all that, I think the steers and hogs and the corn and all that—I think I can make a good living. It is a big farm, and if the prices hold up I will make some money. If I don't make any money, I have to sell the farm; I have to come up to the authorities and say, "I can do nothing, and there you are." I will go to the parole people and tell them.

Mr. HALLEY. But you can't sell the farm. It belongs to the trustee.

Mr. DeLUCIA. What? That is my farm. What do you mean, it belongs to the trustee?

Mr. HALLEY. You gave it to the trustee to hold.

Mr. DeLUCIA. If I don't pay the mortgage, they are going to come and take the farm away from me.

Mr. HALLEY. What is the point of the trust, Mr. Ricca? What did you have a trust for?

Mr. DeLUCIA. I figured in case I die or something, the kids have the farm, they have the take. Suppose my wife gets married again or something.

Mr. HALLEY. Did you form the trust to avoid the taxes in case you died?

Mr. DeLUCIA. Do you save the tax if you die with a trust?

Mr. HALLEY. If you don't own it you don't pay a tax.

Mr. DeLUCIA. I don't know that.

Mr. HALLEY. I am curious to find out why you formed the trust.

Mr. DeLUCIA. I have to leave it to somebody, and I figured, suppose I die tomorrow, I don't know what my wife is going to do.

Mr. HALLEY. Can't you make a will?

Mr. DeLUCIA. I suppose so, but—

Mr. HALLEY. Who advised you to make a trust?

Mr. DeLUCIA. I was talking to a few people and finally I talked to Joe Bulger, and Joe Bulger said we will make a trust, and that is the end of it.

Mr. HALLEY. What did you say was your purpose in making the trust? What did you tell him you wanted to accomplish?

Mr. DeLUCIA. To take care of my family.

Mr. HALLEY. To take care of your family.

Mr. DeLUCIA. Yes.

Mr. HALLEY. How many automobiles do you own?

Mr. DeLUCIA. I own a Cadillac.

Mr. HALLEY. Nothing else?

Mr. DeLUCIA. No.

Mr. HALLEY. Do you have a station wagon on the farm?

Mr. DeLUCIA. No.

Mr. HALLEY. Just the one Cadillac?

Mr. DeLUCIA. That is right.

Mr. HALLEY. You bought that in July?

Mr. DeLUCIA. That is right.

Mr. HALLEY. Despite the fact that you had to borrow \$40,000 to live on?

Mr. DeLUCIA. I buy a car every 3 years. I tell you, do you want to know why I bought it? The war came up, the war started and there was a panic about getting cars and I said I might as well get myself a car in case trouble comes.

Mr. HALLEY. You say Bennett came to your farm to see you?

Mr. DeLUCIA. He came over to see the farm before he made the mortgage; yes.

Mr. HALLEY. Had he been to the farm before?

Mr. DeLUCIA. Yes.

Mr. HALLEY. How often?

Mr. DeLUCIA. One or two times, I don't remember.

Mr. HALLEY. Did he come alone?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Did he say he would have any trouble raising the \$40,000?

Mr. DeLUCIA. The second time I saw him he said "Yes, I think I can do it," and that is all.

Mr. HALLEY. Is he a very wealthy man?

Mr. DeLUCIA. I don't know, Mr. Halley. He has some money, I don't know.

Mr. HALLEY. What made you think of Bennett as the man who would lend you \$80,000?

Mr. DeLUCIA. I figured after I got through being turned down at the bank, I went to him, and if he had turned me down I would have looked for somebody else.

The CHAIRMAN. There is one thing I didn't understand. You said after you got through with the banks you went to Mr. Bennett?

Mr. DeLUCIA. Yes.

The CHAIRMAN. Did you make application to some banks?

Mr. DeLUCIA. Certainly.

The CHAIRMAN. What banks?

Mr. DeLUCIA. The Metropolitan, and they came out to investigate. The Prudential came out and investigated.

The CHAIRMAN. You are talking about the Metropolitan and Prudential insurance companies?

Mr. DeLUCIA. Yes.

The CHAIRMAN. To what banks did you make application?

Mr. DeLUCIA. Huh?

The CHAIRMAN. Those are insurance companies.

Mr. DeLUCIA. Prudential has my mortgage.

The CHAIRMAN. I know, but what banks?

Mr. DeLUCIA. Banks, the Oak Park Bank. They said "No. You have a first mortgage and it is against the law for us to give you money on a second mortgage." I tried, Senator.

The CHAIRMAN. What banker did you see there at the Oak Park Bank? Who did you see to try to get a loan?

Mr. DeLUCIA. Mr. Spring.

The CHAIRMAN. At the Oak Park National Bank?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Had you ever been in business with Bennett?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. Do you know whether he is in the money-lending business?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. How much interest did he ask on the second mortgage?

Mr. DeLUCIA. I suppose the same thing, 4 or 5 percent, whatever it is; I don't know.

Mr. HALLEY. Don't you know how much interest it is?

Mr. DeLUCIA. I don't know. I didn't pay any attention to it.

Mr. HALLEY. You paid no attention to it?

Mr. DeLUCIA. I mean, I don't remember. It is something like that. I have to pay anyway, so when the time comes to pay, I will pay it. I was tickled to get the loan, and whatever the interest was, I pay it. Those are small details that I don't pay attention to.

Mr. HALLEY. You made no arrangements as to how much interest?

Mr. DeLUCIA. Oh, yes; there is interest there; yes.

Mr. HALLEY. When is it to be paid, at the end?

Mr. DeLUCIA. At the end of 5 years.

Mr. HALLEY. You don't pay anything until the 5 years are over?

Mr. DeLUCIA. Yes.

Mr. HALLEY. There is nothing in writing about that, though?

Mr. DeLUCIA. Sure, that is in the papers. Mr. Halley, I haven't seen no paper or anything. All I done I gave him the paper and took that down to the Oak Park Bank and I got the money. That is all.

Mr. HALLEY. You think your trustee signed an agreement?

Mr. DeLUCIA. I suppose; yes. They couldn't do it any other way.

Mr. HALLEY. And it is for 5 years.

Mr. DeLUCIA. That is right.

Mr. HALLEY. Who is the trustee, exactly?

Mr. DeLUCIA. The Oak Park Bank, the Oak Park National Bank.

Mr. HALLEY. Thank you.

Mr. ROBINSON. I show you exhibit No. 4 which you produced at the first hearing and call your attention to the fact that on May 6 there is an entry that you got a loan from Hugo Bennett for \$10,000. That is 1948.

Mr. DeLUCIA. That is right.

Mr. ROBINSON. On June 24, 1948, you received a loan from Hugo Bennett for \$30,000.

Mr. DeLUCIA. That is right.

Mr. ROBINSON. Do you remember how you got that loan of \$30,000?

Mr. DeLUCIA. By check.

Mr. ROBINSON. You are sure of that?

Mr. DeLUCIA. I am pretty sure.

Mr. ROBINSON. You did not get it by cash?

Mr. DeLUCIA. No, no.

Mr. ROBINSON. Do you remember whether or not you got a first payment of \$20,000 in cash from Mr. Bennett?

Mr. DeLUCIA. I think I got \$10,000 and then \$30,000.

Mr. ROBINSON. I am not talking about the May 6 check, but let's talk about the \$30,000 that you got around June 24.

Mr. DeLUCIA. Mr. Robinson, you got me if I got \$20,000.

Mr. ROBINSON. You don't know whether you got it by check or by cash?

Mr. DeLUCIA. I don't know.

Mr. ROBINSON. Mr. DeLucia, this is exhibit No. 4, which is the trial balance in your ledger account, July 31, 1950, in which there is recorded a loan payable, a mortgage on the Long Beach property of \$40,000.

Mr. DeLUCIA. That is right.

Mr. ROBINSON. Immediately above that is a mortgage payable of \$10,000. Do you recall what that \$10,000 is?

Mr. DeLUCIA. That is a mistake or else—that is a mistake. You can ask Bernstein. I don't know anything about that.

Mr. ROBINSON. Why do you say it is a mistake?

Mr. DeLUCIA. Because that is all I got. I got \$40,000, and I got \$40,000.

Mr. ROBINSON. Your point is that that this \$40,000 should be \$30,000?

Mr. DeLUCIA. That is right.

Mr. ROBINSON. And this \$10,000 is the first loan you got from Bennett?

Mr. DeLUCIA. I am pretty sure; yes.

The CHAIRMAN. People don't make \$10,000 mistakes just by accident.

Mr. DeLUCIA. Mr. Bernstein kept those books, sir.

The CHAIRMAN. But he got his information from you.

Mr. DeLUCIA. Yes; but I didn't write that up, you see.

Mr. ROBINSON. The second \$40,000 you say you never put in any bank?

Mr. DeLUCIA. No. I put some of that money in a bank later. You know what I mean. I put \$5,000 in the bank, and all that.

Mr. ROBINSON. How long have you known Francis Curry?

Mr. DeLUCIA. Francis Curry, I know around 1930 I suppose, the late thirties, something like that.

Mr. ROBINSON. How did you happen to meet him?

Mr. DeLUCIA. I don't know. I have met so many people. I know I have been good friends with him.

Mr. ROBINSON. Was it in connection with gambling?

Mr. DeLUCIA. No.

Mr. ROBINSON. Didn't he run a gambling establishment?

Mr. DeLUCIA. Not to my knowledge.

Mr. ROBINSON. Did you bet with him?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. How did you happen to meet him?

Mr. DeLUCIA. I really don't remember, Mr. Robinson, but I know I have been good friends with him. I know we have talked about farms and all that.

Mr. ROBINSON. How did you happen to hire him to run your farm while you were in the penitentiary?

Mr. DeLUCIA. Because when I bought the farm he was instrumental in getting me the farm. I told him there was a farm there and he said he knew the fellow or something. He got a lawyer by the name of Kusick to deal with the Prudential people and that is how I bought the farm.

Mr. ROBINSON. Did you check as to whether or not Curry had any ability to run a farm?

Mr. DeLUCIA. When I went away?

Mr. ROBINSON. Yes.

Mr. DeLUCIA. Yes; he had a farm himself.

Mr. ROBINSON. What was the arrangement with Curry with respect to running your farm?

Mr. DeLUCIA. He was supposed to pay me \$7 an acre or something like that for a time I was away.

Mr. ROBINSON. Do you know whether or not Curry lost any money operating the farm?

Mr. DeLUCIA. I don't know. I know I got paid.

Mr. ROBINSON. Do you know whether or not he made any money?

Mr. DeLUCIA. I don't know. I suppose. I don't know. What the hell. In those days they all made money on farms, didn't they. I don't know if he made money or not.

Mr. ROBINSON. I am asking if you know whether or not he made money.

Mr. DeLUCIA. No, I don't. I never asked him that.

Mr. ROBINSON. You never discussed that at all?

Mr. DeLUCIA. He never said anything to me.

Mr. ROBINSON. Did you make any loans from Curry?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Mr. DeLucia, you stated, I believe, one of the reasons why you wanted to be paroled was the fact that your farm operation was at a standstill and it was necessary for you to get back.

Mr. DeLUCIA. That is right.

Mr. ROBINSON. Wasn't Curry operating the farm?

Mr. DeLUCIA. Curry wasn't doing any improvement. Curry was taking out of the ground, that is all. If he invested some money, he didn't know if I was going to come out, if I was going to die in jail or anything like that. How was he going to do anything?

Mr. ROBINSON. Wasn't he making improvements to the farm?

Mr. DeLUCIA. No.

Mr. ROBINSON. Wasn't he buying machinery, equipment?

Mr. DeLUCIA. For his own good, to get the farm going he needed machinery.

Mr. ROBINSON. Did he subsequently sell that to you?

Mr. DeLUCIA. Yes, sir.

Mr. ROBINSON. The point I don't get is why you were worried about the farm.

Mr. DeLUCIA. I wanted to improve the farm, Mr. Robinson.

Mr. ROBINSON. You were worried about losing the farm?

Mr. DeLUCIA. No; I wasn't worried about losing the farm because I knew that the mortgage was five or six thousand dollars a year, and the money I got out of the rent he would pay it. That was enough to pay it.

Mr. ROBINSON. Did you say you borrowed money from Curry?

Mr. DeLUCIA. No; I never borrowed money from Curry.

Mr. ROBINSON. You never borrowed anything from him?

Mr. DeLUCIA. No.

Mr. ROBINSON. How much did you owe him after the deal was over?

Mr. DeLUCIA. What deal?

Mr. ROBINSON. After the arrangements for the operation of the farm. He was operating the farm while you were in prison.

Mr. DeLUCIA. That is right. Oh, there is a dispute there. He is looking for about thirty or thirty-five thousand dollars. We think we owe him about twenty thousand. So we let the thing lay. We

didn't see each other any more. He didn't need the money any more I suppose, and we didn't bother, and when the time come we left that open. We didn't settle that.

Mr. ROBINSON. Did you buy tractors and farm equipment for the farm after you got out?

Mr. DeLUCIA. Sure.

Mr. ROBINSON. Do you recall whether or not you bought any Ford tractors or Ford trucks for the farm?

Mr. DeLUCIA. I got Ford truck, yes.

Mr. ROBINSON. Do you recall from whom you bought them?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Who?

Mr. DeLUCIA. The Ford Truck I bought from Babe Baran.

Mr. ROBINSON. How long have you known Mr. Baran?

Mr. DeLUCIA. Many years.

Mr. ROBINSON. When did you first meet him?

Mr. DeLUCIA. When did I first meet him?

Mr. ROBINSON. Yes.

Mr. DeLUCIA. I have known Babe, I would say around 15 or 20 years.

Mr. ROBINSON. What business was he in when you first met him?

Mr. DeLUCIA. I don't remember, Mr. Robinson.

Mr. ROBINSON. Do you know whether or not he was in any gambling business at the time you met him?

Mr. DeLUCIA. No; not to my knowledge.

Mr. ROBINSON. What were your dealings with him at that time?

Mr. DeLUCIA. You met the boy at some place. You met him any place, some cabaret or something like that. Then he went into the Army. He became a major or colonel. Then he came out. I was in the penitentiary, I think, when I read that he had the Ford agency. So I went to see him and I got a Ford from him.

Mr. ROBINSON. Have you made any other purchases from him?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. You say you don't know whether or not he was ever in any gambling enterprise?

Mr. DeLUCIA. No.

Mr. ROBINSON. Did Mr. Bennett's father visit with you in prison?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Did he ever write to you?

Mr. DeLUCIA. No, sir. The man is 90 years old now, Mr. Robinson. He is very old.

Mr. ROBINSON. I believe you testified previously, Mr. DeLucia, that you know Ben Fillichio.

Mr. DeLUCIA. Yes, sir.

Mr. ROBINSON. Did you testify as to what business he was in?

Mr. DeLUCIA. Ben Fillichio to my knowledge has a chain of liquor stores. He is my next-door neighbor, and there is no other connection except the good-neighbor policy. Outside of that there is nothing connecting me with him at all or anything like that.

Mr. ROBINSON. Do you know his brother, Anthony?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Do you know a James Nuzzo?

Mr. DeLUCIA. Yes, sir.

Mr. ROBINSON. What business is he in?

Mr. DeLUCIA. He is in the fruit business.

Mr. ROBINSON. Any other business?

Mr. DeLUCIA. No, sir; not that I know of.

Mr. ROBINSON. How about James Narro?

Mr. DeLUCIA. Who?

Mr. ROBINSON. James Narro.

Mr. DeLUCIA. Who is Narro?

Mr. ROBINSON. I am asking you if you know him?

Mr. DeLUCIA. Narro?

Mr. ROBINSON. Yes.

Mr. DeLUCIA. No; I don't know him.

Mr. ROBINSON. Do you know Louis Briatta?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Do you know what business he is in? Did you say you know him?

Mr. DeLUCIA. I know of him, yes.

Mr. ROBINSON. What business is he in?

Mr. DeLUCIA. I don't know. Mr. Robinson, who is James Narro? Will you please explain that?

Mr. ROBINSON. I am just asking you. You say you don't know him.

Mr. DeLUCIA. I don't know. The last name I don't recall at all.

Mr. ROBINSON. I believe you also testified that you knew John Rosselli.

Mr. DeLUCIA. Yes.

Mr. ROBINSON. How long have you known him?

Mr. DeLUCIA. John Rosselli, I know him for about 20 years; better than that.

Mr. ROBINSON. And you know what business he was in at that time?

Mr. DeLUCIA. No.

Mr. ROBINSON. Do you know what business he was in since that time?

Mr. DeLUCIA. Since that time, no.

Mr. ROBINSON. You know nothing about his business whatsoever?

Mr. DeLUCIA. No.

Mr. ROBINSON. Have you ever discussed it with him?

Mr. DeLUCIA. No.

Mr. ROBINSON. How frequently would you see him?

Mr. DeLUCIA. Oh, I saw Johnnie a few times. He used to come around the restaurant there. He went to California and I haven't seen him for quite some time. I haven't seen Johnnie now since he left Atlanta. The first time I saw him was today—I mean yesterday.

Mr. ROBINSON. Mr. DeLucia, how many times did you see Mr. Bennett between the time you made the first loan and the time you made the second loan?

Mr. DeLUCIA. I saw him four or five times.

Mr. ROBINSON. Four or five times.

Mr. DeLUCIA. Four or five or six times.

Mr. ROBINSON. In two years?

Mr. DeLUCIA. Well, maybe a little more. I don't remember.

Mr. ROBINSON. You testified you knew Tony Accardo.

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Charles Fischetti.

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Jake Guzik.

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Why is it you made no attempt to make a loan from them?

Mr. DeLUCIA. I go to jail tonight. They would send me back to the penitentiary.

Mr. ROBINSON. Do you know William Johnston?

Mr. DeLUCIA. Who is William Johnston? Which Johnston?

Mr. ROBINSON. The race-track owner.

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. You don't know him and never have met him?

Mr. DeLUCIA. No, sir.

Mr. ROBINSON. Do you know John Patton?

Mr. DeLUCIA. Patton, yes.

The CHAIRMAN. Did you say Yes, you knew him?

Mr. DeLUCIA. Johnnie Patton, yes.

Mr. ROBINSON. You have known him for a number of years?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Why is it you didn't ask him for the loan?

Mr. DeLUCIA. For the same reason. You have to consider my position. I can't go no place, can't do nothing.

Mr. ROBINSON. Was Mr. Bennett the only one that you knew—

Mr. DeLUCIA. He was the first one I run across. If it wasn't him, I would have to get somebody else, Mr. Robinson. If he turned me down I would get somebody else.

Mr. ROBINSON. Did Mr. Bennett ever say to you during the course of the negotiations for the loan that he didn't know whether he could get it himself?

Mr. DeLUCIA. He said he would see. He said he would see. "I am pretty sure I can do it."

The CHAIRMAN. Anything else?

Mr. HALLEY. Getting back to your personal finances, you say that when you came out of prison you had \$300,000 in cash.

Mr. DeLUCIA. Yes.

Mr. HALLEY. In addition to that, you borrowed \$80,000 in all.

Mr. DeLUCIA. I borrowed \$90,000, \$91,000.

Mr. HALLEY. From Hugo Bennett only \$80,000.

Mr. DeLUCIA. Yes.

Mr. HALLEY. And \$11,000 from the bank.

Mr. DeLUCIA. Yes.

Mr. HALLEY. The mortgage on your property you had gotten previous to your going into prison?

Mr. DeLUCIA. What?

Mr. HALLEY. When did you first get the mortgage?

Mr. DeLUCIA. What mortgage?

Mr. HALLEY. The first mortgage on your property.

Mc. DeLUCIA. What property?

Mr. HALLEY. On the Long Beach property.

Mr. DeLUCIA. I don't have no first mortgage there. I paid that mortgage. I didn't have no mortgage. You see, I bought that property for \$14,000 in 1934; \$14,000 or \$15,000, and I was paying so much every year with Metropolitan. So the mortgage was paid.

Mr. HALLEY. You testified just a little while ago that the reason you went to Bennett for the mortgage on the Long Beach property was that you couldn't get a second mortgage from the bank.

Mr. DeLUCIA. That is on this one here.

Mr. HALLEY. On which one?

Mr. DeLUCIA. On the farm.

Mr. HALLEY. On the farm?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Why did you go to Bennett in 1948 on the Long Beach property?

Mr. DeLUCIA. Oh, that was easy to get, but no bank would give me anything. Nobody wants to deal with me.

Mr. HALLEY. Who gave you the \$11,000?

Mr. DeLUCIA. The bank.

Mr. HALLEY. Why do you say no bank wants to give you money?

Mr. DeLUCIA. I had to give them bonds, money, dollar for dollar.

Mr. HALLEY. The Long Beach property is real estate.

Mr. DeLUCIA. You try it.

Mr. HALLEY. That is good collateral.

Mr. DeLUCIA. You try it.

Mr. HALLEY. This isn't funny. It is quite serious. You testified a little while ago that the reason you went to Bennett was that you couldn't get a second mortgage on the Long Beach property.

Mr. DeLUCIA. No, I didn't say that. If I said so, I was mistaken.

Mr. HALLEY. You also said so in Washington when I questioned you, and that was your reason for going to Bennett.

Mr. DeLUCIA. I am sorry, Mr. Halley, I was mistaken.

Mr. HALLEY. That was wrong?

Mr. DeLUCIA. That is right.

Mr. HALLEY. What is correct?

Mr. DeLUCIA. This is correct.

Mr. HALLEY. What?

Mr. DeLUCIA. The second mortgage was on the farm, but on the Long Beach property there was no mortgage, and I think I told you that.

Mr. HALLEY. You borrowed \$11,000 from the bank, is that correct?

Mr. DeLUCIA. That is right.

Mr. HALLEY. Those two loans, according to your books, were made in 1948, is that right?

Mr. DeLUCIA. That is right.

Mr. HALLEY. When did you get out of prison?

Mr. DeLUCIA. 1947.

Mr. HALLEY. When you got out of prison you had \$300,000 in cash.

Mr. DeLUCIA. That is right.

Mr. HALLEY. By 1948 you had to borrow \$41,000—\$51,000?

Mr. DeLUCIA. Well, I told you what I did.

Mr. HALLEY. Had you spent your \$300,000?

Mr. DeLUCIA. No, no; I didn't spend it. I know to borrow money for me it is hard to get, Mr. Halley, and I want you to believe me.

Mr. HALLEY. So you were borrowing it far in advance of your need?

Mr. DeLUCIA. Why, certainly.

Mr. HALLEY. Mr. DeLucia, do you expect anybody to believe that story? If we sent this record to the parole officer, would you expect him to read it and believe you are telling this committee the truth?

Mr. DeLUCIA. I told the parole officer I borrowed the money.

Mr. HALLEY. Maybe he didn't cross-examine you about what you had. Why did you borrow \$51,000 in 1948?

Mr. DeLUCIA. I told you, Mr. Halley.

Mr. HALLEY. You had \$300,000 in cash, is that right, and you borrowed \$51,000 more to have more cash.

Mr. DeLUCIA. If I could borrow more I would borrow more.

Mr. HALLEY. You would borrow more?

Mr. DeLUCIA. Surely.

Mr. HALLEY. Then by May of this year—according to the books, that is when you made the loan—you were broke or almost broke.

Mr. DeLUCIA. No, I wasn't broke.

Mr. HALLEY. You say altogether now you have only about \$40,000?

Mr. DeLUCIA. That is right.

Mr. HALLEY. There is no mistake there?

Mr. DeLUCIA. No.

Mr. HALLEY. That \$40,000 is the same amount you just borrowed in May? All you could have had in May is what you spent between May and now, if you have \$40,000 left now.

Mr. DeLUCIA. I had some money left, I told you. I had some money left, and when I got the \$40,000 I mixed it with what I had left.

Mr. HALLEY. That is right, but now you have \$40,000 you say.

Mr. DeLUCIA. Yes, maybe a little less or a little more.

Mr. HALLEY. Whatever you had left then is what you spent between May and October.

Mr. DeLUCIA. I didn't get you there.

Mr. HALLEY. It is arithmetic. Look. You had a little money left, right, in May when you made the loan?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Then you borrowed \$40,000.

Mr. DeLUCIA. That is right, yes.

Mr. HALLEY. Now you have altogether \$40,000.

Mr. DeLUCIA. Yes, something like that.

Mr. HALLEY. So whatever you spent between May and October must be what you had left.

Mr. DeLUCIA. No; you see what happened—let me explain this. I had something to pay on the farm, around \$6,000.

Mr. HALLEY. What was payable?

Mr. DeLUCIA. Whatever it is. You have got it. Just a moment. So I paid it out of the \$40,000.

Mr. HALLEY. And you paid it in cash.

Mr. DeLUCIA. Just a minute.

Mr. HALLEY. How did you pay that \$6,000?

Mr. DeLUCIA. Cash. I put it in the bank.

Mr. HALLEY. You put it in the bank?

Mr. DeLUCIA. I put it in my check, whatever it was. Then I had corn secured by a Government loan—No. That is right. Oh, no. Then I sold my wheat. I got \$9,000—nine-thousand-three-hundred-something. What I did was to put the \$6,000 cash back in pocket and

put \$3,000 on the book. You see how I work. You see how I put some cash money in there.

Mr. HALLEY. I don't see why you need cash at all.

Mr. DeLUCIA. You don't?

Mr. HALLEY. I frankly don't.

Mr. DeLUCIA. I don't know what to answer you.

Mr. HALLEY. Explain this: You have \$40,000 left now, more or less?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Let's say not less than \$35,000 and not more than \$45,000.

Mr. DeLUCIA. I am quite sure; yes.

Mr. HALLEY. Not more than \$45,000?

Mr. DeLUCIA. I am quite sure; yes.

Mr. HALLEY. All right, not more than \$45,000.

Mr. DeLUCIA. No.

Mr. HALLEY. Does "no" mean you agree with me?

Mr. DeLUCIA. Yes, I agree with you.

Mr. HALLEY. Between \$35,000 and \$40,000.

Mr. DeLUCIA. Yes.

Mr. HALLEY. You came out of prison in 1947.

Mr. DeLUCIA. That is right.

Mr. HALLEY. This is the middle of 1950.

Mr. DeLUCIA. That is right.

Mr. HALLEY. Three years.

Mr. DeLUCIA. That is right.

Mr. HALLEY. You have spent \$351,000.

Mr. DeLUCIA. To improve my place, yes.

Mr. HALLEY. You put \$351,000 into your place?

Mr. DeLUCIA. Yes.

Mr. HALLEY. Your testimony didn't show that.

Mr. DeLUCIA. Not on my place; for living, too, and all that.

Mr. HALLEY. In 3 years?

Mr. DeLUCIA. My living expense, too.

Mr. HALLEY. I think you testified that you put something over \$100,000 into the place.

Mr. DeLUCIA. I don't know, whatever it was. It amounts to that anyway. I don't know.

Mr. HALLEY. Let's say you put \$200,000 into the place.

Mr. DeLUCIA. Yes.

Mr. HALLEY. Let's assume that.

Mr. DeLUCIA. And the rest for living.

Mr. HALLEY. \$50,000 a year?

Mr. DeLUCIA. A year, Mr. Halley. Maybe more or less than that.

Mr. HALLEY. You didn't have to pay any income tax on that \$350,000. It wasn't income obviously.

Mr. DeLUCIA. I didn't make anything.

Mr. HALLEY. So if you spent the \$150,000 in 3 years for living expenses, you actually spent \$50,000 a year.

Mr. DeLUCIA. \$150,000 living expenses; no, no.

Mr. HALLEY. What did you spend it for, Mr. DeLucia?

Mr. DeLUCIA. Roughly you figure I would say about \$50,000 or \$60,000 for my living expenses, and the rest went into the farm.

Mr. HALLEY. But the books show what went into the farm.

Mr. DeLUCIA. Whatever is there is there.

Mr. HALLEY. You testified last time that it was something over \$100,000.

Mr. DeLUCIA. Yes; whatever it was.

Mr. HALLEY. Of course, if that is all you spent for living expenses, there is \$351,000 that has to be accounted for somewhere. If you spent say \$130,000—

Mr. DeLUCIA. I spent more than that on the farm.

Mr. HALLEY. What did you spend?

Mr. HALLEY. Oh, I don't know. You have the books. What have you got the books for, Mr. Halley. How can I remember those things?

Mr. HALLEY. You got the books for the parole officer.

Mr. DeLUCIA. For myself, too.

Mr. HALLEY. That is what they told you when you were in prison, to keep your money in cash and keep your accounts in your head.

Mr. DeLUCIA. Cash all the time. That is the best.

Mr. HALLEY. And your books in the head?

Mr. DeLUCIA. You want me to tell you the truth, so I am telling you.

Mr. HALLEY. Now, tell me what you did with all the cash.

Mr. DeLUCIA. There you are.

Mr. HALLEY. No; there I ain't.

Mr. DeLUCIA. I spent the money for living.

Mr. HALLEY. \$130,000. Where is the other \$230,000 in 3 years?

Mr. DeLUCIA. \$230,000?

Mr. HALLEY. Take a piece of paper and a pencil and do your own arithmetic. I will write it for you. It is very simple arithmetic. \$300,000 you had in the box in cash.

Mr. DeLUCIA. That is right.

Mr. HALLEY. \$80,000 you got from Bennett.

Mr. DeLUCIA. Yes.

Mr. HALLEY. \$11,000 you got from the bank.

Mr. DeLUCIA. Yes.

Mr. HALLEY. \$391,000.

Mr. DeLUCIA. That is right.

Mr. HALLEY. \$120,000 you spent on the farm; \$271,000 you spent some other place.

Mr. DeLUCIA. I spent more than that on the farm.

Mr. HALLEY. All right, you have \$40,000 left.

Mr. DeLUCIA. No, I spent more than that on the farm.

Mr. HALLEY. So let's say you have \$45,000 left.

Mr. DeLUCIA. I spent more than that on the farm.

The CHAIRMAN. \$130,000 is what the books show, as I remember.

Mr. DeLUCIA. I spent more than that.

The CHAIRMAN. You have to account for \$271,000 less \$45,000. That means \$225,000.

Mr. DeLUCIA. I spent more than that on the farm, Mr. Halley.

The CHAIRMAN. What did you spend on the farm then? Tell us.

Mr. DeLUCIA. I don't know, Senator. I was figuring as long as it was on the books out there, I didn't have to explain anything.

The CHAIRMAN. The books show only \$125,000 or \$130,000 you spent somewhere along there, don't they, Mr. Robinson?

Mr. HALLEY. What are your living expenses? You say about \$60,000 for the 3 years.

Mr. DeLUCIA. I don't know. It might be something like \$70,000 or \$80,000 for the 3 years.

Mr. HALLEY. All right. Is it your testimony here under oath that everything in excess of \$80,000 went into the farm?

Mr. DeLUCIA. Oh, I don't know that. I wouldn't say that.

Mr. HALLEY. You better say something. You have to give us your best answer.

Mr. DeLUCIA. I don't know. You have the books there. Call my bookkeeper.

Mr. HALLEY. Where did the money go?

Mr. DeLUCIA. That is all, the farm and the house.

Mr. HALLEY. You see there is one disadvantage about all these cash deals that you like, and that is the books don't explain everything. Cash is something that is in your pocket. You testified under oath that you had over this period of 3 years in your pocket in cash money \$391,000, and this committee wants to find out where that money went. You said about \$80,000 went for living expenses.

Mr. DeLUCIA. About that.

Mr. HALLEY. Where did the rest go? Let's say \$90,000——

Mr. DeLUCIA. Yes.

Mr. HALLEY. Would be a lot to spend. That is about \$600 a week, just to live. On the farm you grow your own food, you have no rent, you own your own car. I don't know what you spent \$600 a week for as a respectable farmer.

Mr. DeLUCIA. I don't know what to tell you, Mr. Halley.

Mr. HALLEY. Please tell me.

Mr. DeLUCIA. Please, I don't know what to tell you. I tried to give the best explanation I could.

Mr. HALLEY. That is a very unsatisfactory answer.

Mr. DeLUCIA. I am sorry, Mr. Halley.

Mr. HALLEY. Have you no explanation for what became of the \$391,000?

Mr. DeLUCIA. Outside of what I have given you.

Mr. HALLEY. No other explanation?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. You do not now want to take the opportunity which I am now offering you to explain what happened to \$391,000?

Mr. DeLUCIA. It is all there.

Mr. HALLEY. It is all where?

Mr. DeLUCIA. In the books and all.

Mr. HALLEY. You stand on whatever the books show?

Mr. DeLUCIA. The books show whatever my expense was.

Mr. HALLEY. And whatever your testimony is?

Mr. DeLUCIA. That is right.

Mr. HALLEY. You have no further explanation?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. Now, Mr. Ricca, when you arranged for your parole who was your lawyer?

Mr. DeLUCIA. I didn't have no lawyer.

Mr. HALLEY. Who handled it?

Mr. DeLUCIA. I found out that Mr. Dillon was the man on the parole board. All I know is that when you go in the penitentiary the warden calls you in. They have a board, they have an examining board, they have so many. You go through for 30 days a lot of riga-

parole there. The warden tells you, "I don't care who you are or what you have done or whatever race, you are only number so and so. I didn't put you in here. All I want you to do is not to cause me trouble. If you don't cause me trouble and keep your nose clean"—that is what they tell you—"at the time for parole I will put a good word in for you with the parole. I will recommend you for parole." That I did, and when I got out I think I earned that, because I was Paul DeLucia, I can get the right like anybody else did, can't I?

Mr. HALLEY. Why did you have to hire Mr. Dillon?

Mr. DeLUCIA. I did not. After I come out I find out that Mr. Dillon was instrumental and went to see the parole board and all that.

The CHAIRMAN. Did you see him before you got out?

Mr. DeLUCIA. No, Senator.

The CHAIRMAN. Who acted for you in getting Mr. Dillon?

Mr. DeLUCIA. I understand Mr. Campagna was instrumental to see Mr. Dillon in behalf of all of us.

The CHAIRMAN. How much did you pay Mr. Dillon?

Mr. DeLUCIA. I paid \$5,000.

The CHAIRMAN. Who else did you pay?

Mr. DeLUCIA. That is all.

The CHAIRMAN. You didn't pay any other lawyer, no accountant, nobody else at all for your parole?

Mr. DeLUCIA. No, sir.

The CHAIRMAN. How did you pay Mr. Dillon, by check or cash?

Mr. DeLUCIA. No; I sent the money to Louis Campagna.

The CHAIRMAN. You gave \$5,000 in cash to Louis Campagna?

Mr. DeLUCIA. Yes. He sent a cashier's check. It all came out in the congressional hearing.

The CHAIRMAN. Anything else?

Mr. HALLEY. Did you have Maury Hughes for a lawyer?

Mr. DeLUCIA. No.

Mr. HALLEY. What did he have to do with your parole?

Mr. DeLUCIA. He didn't have anything to do as far as I am concerned.

Mr. HALLEY. What did he have to do with having the indictment dismissed in New York?

Mr. DeLUCIA. I don't know anything about that.

Mr. HALLEY. Who paid Maury Hughes?

Mr. DeLUCIA. I don't know.

The CHAIRMAN. Did you pay him anything?

Mr. DeLUCIA. No, sir.

The CHAIRMAN. Did you ever meet Dillon?

Mr. DeLUCIA. Yes; I saw him over at the hearing.

Mr. HALLEY. Did you ever see him anywhere else?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. Did you ever meet Maury Hughes?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. You never saw Maury Hughes?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. You never saw him in your whole life?

Mr. DeLUCIA. No, sir.

Mr. HALLEY. No other questions.

Mr. ROBINSON. Mr. DeLucia, did you ever do any favors for Mr. Bennett?

Mr. DeLUCIA. No.

Mr. ROBINSON. None at all?

Mr. DeLUCIA. No.

Mr. ROBINSON. When you were visited by Mr. Bernstein and Accardo in prison, did you carry on a conversation in Italian with Mr. Accardo?

Mr. DeLUCIA. No, no.

Mr. ROBINSON. Was the entire conversation between the three of you in English?

Mr. DeLUCIA. There was a guard there at all times.

Mr. ROBINSON. You did not speak in Italian?

Mr. DeLUCIA. No, Mr. Robinson.

Mr. ROBINSON. What was the purpose of Mr. Accardo's coming there?

Mr. DeLUCIA. I told you, I wanted to talk to Bernstein about it, and that is how Joe came over there.

Mr. ROBINSON. Was Mr. Accardo present all the time during the conversation?

Mr. DeLUCIA. Yes; he was there while we were talking.

Mr. ROBINSON. Did he talk to Mr. Campagna?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. During the time that he was visiting there?

Mr. DeLUCIA. That is right. They were both together.

The CHAIRMAN. Have you found out who put up that money to pay your income tax liability?

Mr. DeLUCIA. Not yet, Senator.

The CHAIRMAN. Are you making inquiry about it since we saw you?

Mr. DeLUCIA. I haven't made any inquiry. I figured they would come over and tell me themselves.

The CHAIRMAN. Have you found out yet who killed Captain Drury?

Mr. DeLUCIA. No, sir.

The CHAIRMAN. Where were you that night?

Mr. DeLUCIA. I was home.

The CHAIRMAN. Do you know Captain Drury?

Mr. DeLUCIA. Yes.

The CHAIRMAN. Any other questions?

Mr. ROBINSON. You say you knew Fillichio, and he is a neighbor of yours?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. You know him quite well?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. He is in the liquor business?

Mr. DeLUCIA. Yes.

Mr. ROBINSON. Why didn't you ask him for the loan?

Mr. DeLUCIA. Why should I ask him?

Mr. ROBINSON. I am asking you. He is a good friend of yours. Why didn't you ask him?

Mr. DeLUCIA. I figured he might need money himself. He has so many stores, or something like that.

The CHAIRMAN. All right. Anything else? All right, Mr. DeLucia, if we want you again we will get in touch with you.

Mr. DeLUCIA. Yes, Senator.

**FURTHER TESTIMONY OF JOHN S. BOYLE, STATE'S ATTORNEY,
COOK COUNTY, ILL.**

Mr. HALLEY. I would like to state for the record that Mr. Kerner informed me—Mr. Boyle was modest about it—that it was Mr. Boyle who gave him the information which he conveyed to us about the whereabouts of Matt Capone who was discovered in San Diego under the name of Hunter. Mr. Boyle's office got that information and promptly conveyed it through Mr. Kerner to us.

The CHAIRMAN. We appreciate that very much, Mr. Boyle.

Mr. BOYLE. You are entirely welcome, sir.

You asked me to bring in any records I had on this matter, and I have them here.

Mr. HALLEY. The committee will take them, Mr. Boyle.

Mr. BOYLE. Very well.

(The records were identified as exhibit No. 28, and were returned to witness after analysis by the committee.)

The CHAIRMAN. Is there any information you want to ask about the records?

Mr. HALLEY. We will take a quick look.

Mr. BOYLE. There isn't much in there, I will be frank with you.

Mr. HALLEY. I have just one question, Mr. Boyle. Did you work up the printed material on this form contract or is that something they had?

Mr. BOYLE. They had that; yes.

Mr. HALLEY. You have here Trans-American Publishing News Service, application for special contract services, a printed form. Is that something they had when they came to you or that you worked up?

Mr. BOYLE. That is what they had. Another thing I did in this case, I wrote a brief for them on the legality of the wire service, but I don't know where that brief is. I will have to dig it up. I noticed that in one of my letters where they took out some phones. I wrote a letter.

Mr. HALLEY. Did you ever get a list of the complete shareholders?

Mr. BOYLE. No; I did not. They didn't give me any such thing.

The CHAIRMAN. The only person you did business with in this thing was Mr. Burns?

Mr. BOYLE. No. I said yesterday Mr. O'Hara also came into my office. As I recall now after looking at the files, he came in several times.

The CHAIRMAN. Mr. Burns was the president, and who was Mr. O'Hara?

Mr. BOYLE. He was an officer. As I recall it to check, follow up on this corporation form there. It has all the information.

The CHAIRMAN. Mr. O'Hara was the secretary.

Mr. BOYLE. He was the secretary and Mr. Burns was the president.

Mr. ROBINSON. Pat Burns was the president first and then Andrew succeeded him—the son succeeded him.

The CHAIRMAN. You did do an extensive brief on the legality of the wire service?

Mr. BOYLE. Yes; I did. I notice in one of my letters I said I would send a copy. I will have to check and find the brief.

The CHAIRMAN. That is all right. Who is O'Keefe and O'Brien?

Mr. BOYLE. They evidently represented them before.

Mr. HALLEY. I see also you have sent us the statement of William Brantman and Thomas Connelly.

Mr. BOYLE. Yesterday I told you I had a statement of Kutner and I checked my office yesterday afternoon. I did not take a written statement from Kutner. Ed Greene and I sat in and talked to him, but I did take a written statement from Connelly and from Brantman. I could check that corporation service there and find out all the other information you might need if you want me to have that file back. I can follow it up for you.

The CHAIRMAN. The only thing I see in here of any importance is the application for special contract service.

Mr. BOYLE. You can find out who those people are by checking that.

The CHAIRMAN. Do you know how many people they did service for at that time?

Mr. BOYLE. No. As I recall it now—I was a little hazy yesterday because I was sort of hit with this unexpectedly and I didn't have my file with me—but I don't know more than one or two groups of persons who came in; and if they did, I have a copy of it there. I don't think they had many customers. That is probably why they went out of business. I brought the complete file. That is some sort of personal matter of one of these fellows—whether it was O'Hara or whether it was Burns, I don't know—about some petition they wanted in the sanitary district, about some nuisance. It applied to them personally, but I took the file as it was and took nothing out of it. I didn't want even to remove that. It has nothing to do with the service at all.

The CHAIRMAN. He is trying to abate a nuisance apparently.

Mr. BOYLE. Adjoining his home.

The CHAIRMAN. A pig farm.

Mr. BOYLE. Yes.

The CHAIRMAN. Were you still representing Trans-American when it ceased to do business?

Mr. BOYLE. I think I was no longer representing them about 2 weeks before they ceased to do business. I did not close up the corporation. I had nothing to do with that.

The CHAIRMAN. I mean, how did you happen to stop representing them at the time you did?

Mr. BOYLE. As I recall it, they called me up and said they were going broke and they were going to fold up. The next thing I saw something in the newspaper where they had dissolved the corporation and that was the end of it.

The CHAIRMAN. But you didn't dissolve the corporation?

Mr. BOYLE. No; I did not.

The CHAIRMAN. Mr. Halley, I think that contract is the only thing I see of any importance.

Mr. BOYLE. Frankly, as I look back on it now I realize they didn't give me much information as to the workings of the corporation and who the officers were. They didn't give you the books and records.

Mr. HALLEY. They gave you a quick deal.

Mr. BOYLE. What do you mean by quick deal?

Mr. HALLEY. They sort of shuffled the cards very fast so you couldn't get the facts.

Mr. BOYLE. Clients frequently do that. They come in and gloss over the facts, and unless there is some reason for suspicion you just don't get the facts from them. It is quite prevalent.

The CHAIRMAN. You never did keep their corporate books or records?

Mr. BOYLE. No. They had an auditor.

Mr. ROBINSON. I notice a letter here, Mr. Boyle, which you sent to the Corporation Trust Co., April 11, 1947, asking that since you represented the company they send to you all communications regarding the corporation.

Mr. BOYLE. You see they were registered evidently as registered agents in Delaware, which is where they operated, and then when they got a notice I told them to send it to me, notice of time being due to file papers. But that corporation organization can give you more information I imagine because they must have received all the necessary information.

The CHAIRMAN. Anything else?

Mr. HALLEY. No.

The CHAIRMAN. Mr. Boyle, what was the name of that chief of police that you prosecuted out at Calumet City?

Mr. BOYLE. I think it is Wolinski, or some sort of name like that. I can get it for you.

The CHAIRMAN. We have it in the record.

Mr. BOYLE. I don't think I gave you the correct name yesterday. I gave you the name of the chief of police of Cicero.

The CHAIRMAN. What approximately is the man's name at Calumet City?

Mr. BOYLE. I think it is Wolinski. I could get it on the telephone.

The CHAIRMAN. Was he the one that was tried and the jury let him off?

Mr. BOYLE. That is right.

The CHAIRMAN. He is their chief of police out there now?

Mr. BOYLE. I understand he is. I think he is. I don't know.

The CHAIRMAN. Some fellows told some of our staff that a place was operating wide open out there and they went out and saw for themselves last night and found that it was. We are not trying to raid or close up local places. It was just as a matter of information.

Mr. BOYLE. Where was it?

The CHAIRMAN. I don't know.

Mr. BOYLE. What they call the strip?

Mr. HALLEY. The Show Bar.

Mr. BOYLE. We have closed a lot of those places and have been active out there. In fact, we had the mayor before our grand jury also. The grand jury didn't indict the mayor. He was very stubborn. He stood up there and said that he needed the money from these saloons at \$400 a year that they paid, he needed that money in order to operate the town, to pay the fire and police departments, to pay their salaries. I don't know why they didn't indict him.

Mr. HALLEY. I am curious: Were you going before the grand jury on charges of gambling or just general violations?

Mr. BOYLE. Malfeasance in office. That is what we indicted them for, for not suppressing gambling.

Mr. HALLEY. Was it gambling or simply stripping?

Mr. BOYLE. Gambling and strip-tease places and dice games and everything else—an accumulation of evidence, you see.

Mr. HALLEY. You were able to get evidence of dice games running wide open at that time?

Mr. BOYLE. Yes; from our investigators, and they testified.

Mr. HALLEY. There seems to be no trouble picking up that evidence out there.

The CHAIRMAN. What does the sheriff do about it out there? Does he ever close up any of those places?

Mr. BOYLE. Not that I know of.

The CHAIRMAN. Is it his duty to do that?

Mr. BOYLE. Yes; it is his duty to close them up.

The CHAIRMAN. This is true whether they are inside the city limits or not?

Mr. BOYLE. It doesn't make any difference. He has adopted the attitude that in an incorporated village he doesn't have jurisdiction, but he is the main enforcing officer of our county, the main law-enforcement officer. When I told you yesterday about having 76 police officers in my office, I think you may have gotten an erroneous idea of what those police officers do. They work on criminal cases that are pending in the criminal court after indictments are returned. They go out and get evidence. They bring in witnesses and serve subpoenas. They are very busy out there. I don't want you to get the impression that 76 men have nothing to do but run out into the county.

Mr. WHITE. Do you find any evidence of prostitution in Calumet City?

Mr. BOYLE. It was a general picture of prostitution. We even had evidence in the Calumet City case of crookedness. We figured the jury might not want to convict the man on gambling, but if we proved crookedness they might get mad enough to indict him. They were calibrated dice. Even despite that they didn't indict him. We had two of our top prosecutors on the case. The only defense they offered was character witnesses, a bunch of character witnesses and the defendant's own testimony. I could get you a transcript of that if you want it which shows the whole picture out there. If it is enough I will give you the transcript on the Calumet City case.

The CHAIRMAN. That is all right. We just need the general outline. You charged this chief of police with malfeasance in office.

Mr. BOYLE. Nonfeasance under our statute, Mr. Chairman.

The CHAIRMAN. What was the mayor charged with before the grand jury.

Mr. BOYLE. He was just brought in and questioned. He was subpoenaed before the grand jury but the grand jury didn't indict him. The grand jury has the power of indicting or not indicting. He admitted there was gambling out there and he admitted there were shows, and he admitted all these things.

The CHAIRMAN. But he said he needed the revenue?

Mr. BOYLE. Yes. He was cold about it, brought in the books of the city and said, "This is my condition here. I need the \$400 a year from these taverns. Unless I get it the tax rates will treble."

Mr. HALLEY. It is discouraging, I should think, to try to enforce the law under such conditions.

The CHAIRMAN. What is the mayor's name?

Mr. BOYLE. Kominski. Understand the geographical set-up there. That is one street, the end street. On the east side of of the street is Hammond, Ind., on the west side is Calumet City, Ill. I under-

stand that most of their trade comes from these industrial towns like Hammond, Indian Harbor, and places like that.

The CHAIRMAN. How large a force does the sheriff have, do you know?

Mr. BOYLE. It is over 100, and they are police officers in uniform. They have cars and they patrol the county. The other day we had to make an arrest up at a place called Ralph's Place, a notorious place up north. I took their liquor license away from them through the county board and also the State rescinded their liquor license. Then the crime commission told us that they were still selling liquor there. We went up and made an arrest and that case is coming up next week, arrest for selling liquor without a liquor license. Of course we understand there is a gambling place in the back, but our fellows can't get in, and the crime commission men can't get in, and the sheriff says he can't get in.

Mr. WHITE. What is the address?

Mr. BOYLE. I can give it to you. It is Ralph's Place.

Mr. DEVEREUX. Waukegan Road and Northfield township.

The CHAIRMAN. We don't want you pushing any doors in.

Mr. BOYLE. I would like to have him try some of these places in this county. They really have tightened up and toughened up so it is difficult for any stranger to get in. They are very careful. The Lumber Gardens, we put them out of business. That was a notorious place in Melrose Park.

Mr. HALLEY. Would you be willing to elaborate on whether the sheriff has been doing his duty?

Mr. BOYLE. Why don't you ask him how many slot machines he destroyed since we went out to get them, since November 1949. I don't know of any.

The CHAIRMAN. He said he had gotten—

Mr. HALLEY. Fourteen prior to that.

Mr. BOYLE. Why did he quit?

Mr. HALLEY. Did he just quit?

Mr. BOYLE. It looks that way. I don't know of any machines he picked up.

The CHAIRMAN. When did you start?

Mr. BOYLE. November 1, 1949. He got 500—whatever the number was I told you yesterday—560—some machines.

Mr. HALLEY. Have you any evidence whatsoever that his deputies are being corrupted in any way?

Mr. BOYLE. There was a lieutenant by the name of Gleason up on the North Side, I don't think he is with them any longer, but he raised the devil with my fellows for coming out there and bothering those gambling places and slot machines. We had quite an argument about it when he was in the witness chair.

The CHAIRMAN. What is his name?

Mr. BOYLE. I think his name is Lieutenant Gleason. After all, let's be practical about this thing. If you want to stop gambling in the country towns or any other place, all you have to do is put a policeman at the front door and that will stop them from coming or going and they will be out of business in a week.

Mr. HALLEY. You know the practical situation here. He says his force is 129 men, I think, mainly for road patrol, and that they don't have time for investigative work.

Mr. BOYLE. That is the same argument the chief of police of Calumet City gives, that he needs his police officers for school crossings. They all need them for something except the suppression of gambling. They all need them for something else.

Mr. HALLEY. For your information, we subpoenaed an officer who was sitting in the room about as far from the gambling table as you are from me.

Mr. BOYLE. We have evidence that the sheriff's police have been parked in front of gambling places.

Mr. HALLEY. This wasn't the sheriff's men.

Mr. BOYLE. I am talking about the sheriff's men. We have evidence that they have parked in front of places and we called that to his attention, giving him the license number of the car, and the number of the car, parked in front of gambling places. In fact we had one instance where the sheriff's men were directing the persons into the gambling place.

Mr. ROBINSON. Mr. Boyle, do you think the police officials in the city of Chicago have been as efficient in that respect as the sheriff may be?

Mr. BOYLE. That is a difficult question to answer. As I told you, I do not go into the city of Chicago because I have enough to do in the country towns and I have faith in Mayor Kennelly and I am sure you have too. He has suppressed a great deal of gambling. There are no open rooms that I know of. By that I mean sheets and loud-speakers and all that sort of thing. I think a lot of your gambling is by telephone. I understand that it is one of those hit-and-run ideas where you walk in and make a bet or two and then you walk out. You don't hang around there. There used to be big rooms. You know, as background, there was a fellow here by the name of Skidmore some years ago, and this is common knowledge, and each gambling place would pay him so much a month to operate. This was before Mayor Kennelly came in. He was sentenced to the penitentiary on an income-tax violation. Kerner took care of him. But that doesn't exist today. The ward committeemen have been stripped of their power today, believe me. I don't know whether that explains it to you the way—frankly, he has been cursed and damned by politicians around here, the old-line politicians, because they feel he has taken their power away from them. They can't transfer police captains, which is right, of course.

Mr. HALLEY. You mentioned one instance in which the sheriff's deputies were found to be directing patrons to a gambling house.

Mr. BOYLE. I can get that information for you. I gave him that information. I wrote him a letter to that effect and told him the license number of the car and everything else.

The CHAIRMAN. Will you get that letter?

Mr. BOYLE. Yes. I had it here yesterday but I didn't think to turn it over to you.

Mr. HALLEY. What reply did you get from the sheriff specifically on the one?

Mr. BOYLE. Here I am being vague again. I don't like to be that way. I would like to get all my records and bring them in here and show you what we have done.

Mr. HALLEY. I am sorry to take so much of your time bringing you back and forth.

Mr. BOYLE. There is nothing more important than this.

Mr. HALLEY. It is very helpful. Thank you.

Mr. BOYLE. Of course, as the mayor said yesterday, if you didn't have people who would bet, you wouldn't have any bookies. They would starve to death. You have to bring the morals of the people up a little.

The CHAIRMAN. Thank you very much, Mr. Boyle. If you would get us that detailed information.

Mr. BOYLE. I will get it all for you.

The CHAIRMAN. Thank you.

Now, Mrs. Fischetti, will you hold up your right hand. Stand up, please. Do you solemnly swear the testimony you will give this committee will be the whole truth and nothing but the truth, so help you God?

**TESTIMONY OF MRS. ANNE FISCHETTI, MIAMI BEACH, FLA.;
ACCOMPANIED BY CHARLES E. FORD, ATTORNEY, WASHINGTON, D. C.**

Mrs. FISCHETTI. I do.

The CHAIRMAN. Mr. Ford, what are your initials?

Mr. FORD. Charles E. Ford, Columbian Building, 416 Fifth Street NW., Washington, D. C.

The CHAIRMAN. 416 Fifth Street NW., Washington, D. C.

All right, Mr. Robinson.

Mr. ROBINSON. Will you state your name, please.

Mrs. FISCHETTI. Mrs. Anne Fischetti.

Mr. ROBINSON. Where do you reside?

Mrs. FISCHETTI. At 6475 Allison Road in Miami Beach, Fla.

Mr. ROBINSON. Is that your permanent residence?

Mrs. FISCHETTI. Yes.

Mr. ROBINSON. Is that your legal residence?

Mrs. FISCHETTI. Yes.

The CHAIRMAN. Let's all talk a little louder so we can hear.

Mr. ROBINSON. Do you have any other residence address?

Mrs. FISCHETTI. I do not.

Mr. ROBINSON. Do you have any home or place of residence in Chicago?

Mrs. FISCHETTI. I do not.

Mr. ROBINSON. What is your husband's name? You are married?

Mrs. FISCHETTI. Yes.

Mr. ROBINSON. What is your husband's name?

Mrs. FISCHETTI. Charles.

Mr. ROBINSON. How long have you been married, Mrs. Fischetti?

Mrs. FISCHETTI. December of 1931.

Mr. ROBINSON. How long have you been living in Florida?

Mrs. FISCHETTI. Since 1939.

Mr. ROBINSON. When did you last see your husband?

Mrs. FISCHETTI. I refuse to answer that because of my marital status as the wife of Charles Fischetti and because the answer may tend to incriminate me.

The CHAIRMAN. What was the question?

(The pending question and the answer were read by the reporter.)

The CHAIRMAN. When did you last see your husband, Charles Fischetti? The chairman will restate the question: When did you last see your husband, Charles Fischetti?

What is your answer, Mrs. Fischetti?

Mrs. FISCHETTI. I refuse to answer that because of my marital status as the wife of Charles Fischetti and because the answer may tend to incriminate me.

The CHAIRMAN. You are here represented by Mr. Ford?

Mrs. FISCHETTI. That is correct.

The CHAIRMAN. First, the chairman directs you to answer the question. The chairman states to you that on the basis shown you have no right not to answer the question. Do you refuse to answer the question?

Mrs. FISCHETTI. I believe I have the right.

The CHAIRMAN. I mean do you refuse to answer notwithstanding the fact that the chairman orders you to answer?

Mrs. FISCHETTI. I do because I believe I have the right and the privilege.

The CHAIRMAN. Now, Mr. Ford, at this point we ask you on what ground or in what connection you feel that this would incriminate Mrs. Fischetti.

Mr. FORD. I believe the answer may tend, first, on the ground of privilege, which I believe is established both in the District of Columbia, in this State, by the Supreme Court of the United States, in cases both civil and criminal. I have a couple of citations if you wish me to cite them, in my pocket. One was a probate case in the Supreme Court of the United States. It was the taking of a deposition. It wasn't a suit against anyone. That is, it was neither a suit against a husband or wife. They were not parties to the litigation.

The CHAIRMAN. That is, giving any information even about when you last saw your spouse, your husband?

Mr. FORD. That is right.

The CHAIRMAN. Is that true?

Mr. FORD. Yes, sir.

The CHAIRMAN. Do you have some contention about what Federal offense this answer would incriminate Mrs. Fischetti?

Mr. FORD. Many. First, the general conspiracy statute of our Federal Government. Secondly, the fact that it may lead to raising the question of whether or not a person has committed a State offense as soon as they cut across the State line. Of course they may become guilty of a Federal offense by the mere leaving of the jurisdiction. There are many, yes, sir. Those two I can recall offhand.

Mr. HALLEY. Mr. Chairman, may I ask a question.

The CHAIRMAN. We are going to have to continue this over until after lunch. Unfortunately, I have an engagement to speak to the Executives Club, so I think that during the recess you and the staff and Mr. Ford might look at any citations that he has.

Mr. HALLEY. I would like a written list of the citations at this time.

The CHAIRMAN. We will recess until 1:45, at which time we will resume, and we will continue with your testimony, Mrs. Fischetti. In the meantime, you will show Mr. Halley and Mr. Robinson your brief. We will excuse you now, Mrs. Fischetti.

Mr. FORD. Until what time?

The CHAIRMAN. Until 15 minutes of 2; 1:45.

Mr. FORD. May she sit here until I get through so I can accompany her away from here?

The CHAIRMAN. Yes, indeed. You may sit in the back, Mrs. Fischetti.

(Whereupon, at 11:35 a. m. the committee recessed until 1:45 p. m. the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will be in order.

Mr. HALLEY. Mrs. Fischetti, will you come up, please?

FURTHER TESTIMONY OF MRS. ANNE FISCHETTI, MIAMI BEACH, FLA.; ACCOMPANIED BY CHARLES E. FORD, ATTORNEY, WASHINGTON, D. C.

The CHAIRMAN. The committee will now come to order.

Will you read the last proceedings, Mr. Reporter?

Mrs. Fischetti and Mr. Ford, counsel for the committee will ask other questions, and the chairman will rule out any question that he does not think is proper.

Let the record show that any question that I do not rule out or tell the witness not to answer, she is ordered to answer.

It is understood that you are ordered to answer any question that I do not withdraw from the witness myself.

Mr. FORD. I think she understands that.

The CHAIRMAN. You understand?

Mr. FORD. Yes, I understand.

The CHAIRMAN. Very well, Mr. Robinson and Mr. Halley.

Mr. ROBINSON. Mrs. Fischetti, do you have any children?

Mrs. FISCHETTI. I do not.

Mr. ROBINSON. Does your husband maintain an apartment in Chicago?

Mrs. FISCHETTI. I refuse to answer that, because of my marital status as the wife of Charles Fischetti, and my knowledge that I may have is confidential, and I may tend to incriminate myself.

Mr. ROBINSON. Mrs. Fischetti, do you make frequent trips between Florida and Chicago?

Mrs. FISCHETTI. I do not.

Mr. ROBINSON. When was the last time you were in Chicago?

Mrs. FISCHETTI. In the spring of 1945.

Mr. ROBINSON. You have not been in Chicago since that time?

Mrs. FISCHETTI. I have not.

Mr. ROBINSON. Does your husband maintain an apartment in Chicago?

Mrs. FISCHETTI. You asked me that, Mr. Robinson.

Mr. ROBINSON. You did not answer that question.

Mrs. FISCHETTI. No, sir.

Mr. HALLEY. May the record clearly show, Mrs. Fischetti, you understand that the chairman orders you to answer that question?

Mrs. FISCHETTI. Yes, I understand.

Mr. HALLEY. Mr. Ford, you understand that that couldn't possibly be a confidential matter.

Mr. FORD. No, I don't understand that.

Mr. HALLEY. The mere question as to whether Mr. Fischetti maintains an apartment in Chicago, you would say is a confidential matter?

Mr. FORD. That is correct, between her and him, yes. Of course, she bases it on two grounds, as you recall.

The CHAIRMAN. Yes. She stated the grounds. There is no use arguing with Mr. Ford back and forth. Let us make our record.

Mrs. FISCHETTI. May I say something to Mr. Ford, please?

The CHAIRMAN. Speak to him if you wish.

(Witness and Mr. Ford conferring.)

Mr. ROBINSON. How many brothers does your husband have, Mrs. Fischetti?

Mrs. FISCHETTI. Two. I am sorry, three.

Mr. ROBINSON. What are their names?

Mrs. FISCHETTI. Rocco, Joseph, and Nicholas.

Mr. ROBINSON. Where does Rocco live?

Mrs. FISCHETTI. I believe he lives here in Chicago.

Mr. ROBINSON. At what address?

Mrs. FISCHETTI. I think 3100 North Sheridan.

Mr. ROBINSON. Is that a home or an apartment house?

Mrs. FISCHETTI. I don't know.

Mr. ROBINSON. You don't know whether Rocco lives in a residential home or in an apartment house?

Mrs. FISCHETTI. I think I have heard it is an apartment house.

Mr. ROBINSON. Who told you that?

Mrs. FISCHETTI. I refuse to answer that on the grounds previously stated.

Mr. ROBINSON. What is the other brother's name?

Mrs. FISCHETTI. Joseph.

Mr. ROBINSON. Where does he live?

Mrs. FISCHETTI. He stays part of the time at my home in Florida. The rest of the time, I don't know.

Mr. ROBINSON. Does Rocco stay at your home at times, in Florida?

Mrs. FISCHETTI. He does not.

Mr. ROBINSON. Has he ever visited there?

Mrs. FISCHETTI. Yes.

Mr. ROBINSON. How frequently does he visit there?

Mrs. FISCHETTI. I refuse to answer that.

Mr. ROBINSON. Does Joseph visit there? You say he stays there at times with you?

Mrs. FISCHETTI. Yes.

Mr. ROBINSON. What business is Rocco in?

Mrs. FISCHETTI. I refuse to answer that on the grounds previously stated.

The CHAIRMAN. We will let the record show again that the chairman orders you to answer, but you refuse to answer, is that correct? Wait just a minute. This question, and any others that are put to the witness, which I allow to be put to the witness, she is ordered to answer. That is understood, is it not? You understand that, Mrs. Fischetti?

Mrs. FISCHETTI. Yes. May I say something to Mr. Ford?

The CHAIRMAN. You may consult with your attorney whenever you wish.

(Witness and counsel conferring.)

Mrs. FISCHETTI. I don't know.

The CHAIRMAN. You do not know what?

Mrs. FISCHETTI. What business Rocco is in.

Mr. ROBINSON. What business is Joseph in?

Mrs. FISCHETTI. I don't know.

Mr. ROBINSON. Is the home in Florida in your name?

Mrs. FISCHETTI. Yes, it is.

Mr. ROBINSON. Solely in your name, not in your husband's name?

Mrs. FISCHETTI. No, my name.

Mr. ROBINSON. How long have you owned it?

Mrs. FISCHETTI. Eleven years.

Mr. ROBINSON. What did you pay for it?

(Witness and counsel conferring.)

Mrs. FISCHETTI. I refuse to answer that on the grounds previously stated.

Mr. ROBINSON. Do you employ any help at that home?

Mrs. FISCHETTI. I do.

Mr. ROBINSON. How many do you employ?

Mrs. FISCHETTI. Well, I employ a cook part of the year, and I employ a—[witness and counsel conferring]—part-time laundress.

Mr. ROBINSON. What do you pay them?

Mrs. FISCHETTI. I refuse to answer that on the grounds previously stated.

Mr. ROBINSON. What does it cost you, approximately, a year to run your household?

Mrs. FISCHETTI. I refuse to answer that.

Mr. ROBINSON. Are you employed?

Mrs. FISCHETTI. I am not.

Mr. ROBINSON. Have you been employed in the past 10 or 15 years?

Mrs. FISCHETTI. I have not.

Mr. ROBINSON. You have no source of income that you earn by reason of your own ability?

Mrs. FISCHETTI. I refuse to answer that.

Mr. ROBINSON. Whom do you entertain at your home in Florida?

Mrs. FISCHETTI. I refuse to answer that, on the grounds previously stated.

Mr. ROBINSON. Do you know Anthony Accardo?

Mrs. FISCHETTI. I refuse to answer that.

Mr. ROBINSON. Do you know Virginia Hill?

Mrs. FISCHETTI. I do not.

Mr. ROBINSON. You have never met her at any time?

Mrs. FISCHETTI. Never.

Mr. ROBINSON. Do you make frequent telephone calls from your home to Chicago?

Mrs. FISCHETTI. I refuse to answer that.

Mr. ROBINSON. Do you own a yacht?

Mrs. FISCHETTI. I refuse to answer that.

Mr. ROBINSON. Do you spend any time on a yacht in Florida?

Mrs. FISCHETTI. I refuse to answer that.

Mr. ROBINSON. Have you ever been on any sailing vessel in Florida?

Mrs. FISCHETTI. I refuse to answer that on the grounds previously stated.

Mr. ROBINSON. What do you pay by way of toll calls, approximately, a year?

Mrs. FISCHETTI. I refuse to answer that.

Mr. ROBINSON. Do you make any expenditures for the operation of any yacht or sailing vessel or motorboat in Florida?

Mrs. FISCHETTI. I decline to answer that.

Mr. ROBINSON. Do you know Louis Campagna or Mrs. Campagna?

Mrs. FISCHETTI. I refuse to answer that, on the grounds previously stated.

Mr. ROBINSON. Do you know whether or not your husband frequently goes under a different name than Fischetti?

Mrs. FISCHETTI. I refuse to answer that.

The CHAIRMAN. I did not understand.

Mrs. FISCHETTI. I decline to answer that, Senator, on the grounds previously stated.

The CHAIRMAN. We will understand that all your refusals to answer are on the grounds previously stated.

Mrs. FISCHETTI. Thank you.

Mr. ROBINSON. Do you own any personal property, Mrs. Fischetti?

Mrs. FISCHETTI. I refuse to answer that.

Mr. ROBINSON. When did you last see Mr. Accardo?

Mrs. FISCHETTI. I refuse to answer that.

The CHAIRMAN. Let us get on.

Mr. ROBINSON. That is all I have.

The CHAIRMAN. Mr. Halley, do you have any questions?

Mr. HALLEY. No questions.

The CHAIRMAN. I have just one or two, Mrs. Fischetti. Are you in any business with your husband? That is, do you have any part ownership of a business with your husband?

Mrs. FISCHETTI. I refuse to answer that, Senator.

The CHAIRMAN. What businesses does your husband have?

Mrs. FISCHETTI. I refuse to answer any questions concerning my husband, because I am his wife, and anything I may know is confidential.

Mr. HALLEY. You understand that the committee has advised you that that is not the law?

The CHAIRMAN. That is all right. They understand.

Mrs. FISCHETTI. Yes, but I believe——

The CHAIRMAN. That is all right. We have an understanding about that.

Was the money for the purchase of the home given to you by Mr. Fischetti, or did he purchase it for you?

Mrs. FISCHETTI. I refuse to answer that.

The CHAIRMAN. Do you know where Rocco Fischetti is?

Mrs. FISCHETTI. I do not.

The CHAIRMAN. Where Joseph Fischetti is?

Mrs. FISCHETTI. No, sir.

The CHAIRMAN. Where Nicholas Fischetti is?

Mrs. FISCHETTI. I refuse to answer that.

The CHAIRMAN. Is your husband in partnership with any of his brothers in any business?

Mrs. FISCHETTI. I refuse to answer that.

The CHAIRMAN. Do you know where the Vernon Country Club is?

Mrs. FISCHETTI. I do not.

The CHAIRMAN. The Vernon Club?

Mrs. FISCHETTI. I do not.

The CHAIRMAN. Do you know if your husband owns any interest in the Vernon Club?

Mrs. FISCHETTI. I don't.

The CHAIRMAN. You say you do not know?

Mrs. FISCHETTI. Well, I refuse to answer any questions concerning my husband, Senator.

The CHAIRMAN. Do you refuse to answer that question, whether you know whether he owns any part of the Vernon Club?

Mrs. FISCHETTI. Yes.

The CHAIRMAN. Where did you first know Mr. Ford, your attorney?

Mrs. FISCHETTI. He is an old family friend of many years standing, of my family.

The CHAIRMAN. Did your husband contact him for you, or did you contact him?

Mrs. FISCHETTI. I did.

The CHAIRMAN. He practices law in Washington?

Mrs. FISCHETTI. Yes.

The CHAIRMAN. Who is your husband's attorney here in Chicago?

Mrs. FISCHETTI. I don't know.

The CHAIRMAN. Who is your husband's attorney in Miami?

Mrs. FISCHETTI. I don't believe he has any.

The CHAIRMAN. Do you know whether he has one or not?

Mrs. FISCHETTI. No, I don't.

The CHAIRMAN. Where does your husband keep his bank account?

Mrs. FISCHETTI. I refuse to answer that.

The CHAIRMAN. Where do you keep your bank account?

Mrs. FISCHETTI. I refuse to answer that.

The CHAIRMAN. Do you have a bank account?

Mrs. FISCHETTI. I refuse to answer that.

The CHAIRMAN. Has your husband ever been arrested?

Mrs. FISCHETTI. I refuse to answer any question concerning my husband.

The CHAIRMAN. Do you know whether there are any public records as to whether your husband has ever been arrested and convicted?

Mrs. FISCHETTI. I refuse to answer that.

The CHAIRMAN. Mrs. Fischetti—I think I might say this to you, too, Mr. Ford—the committee is only interested in trying to get the facts which we feel, under our Senate resolution, we are entitled to get. From the testimony here, in the opinion of the chairman, and the refusal to answer, the complete unwillingness on the part of the witness to give us information that we feel we are entitled to is quite apparent. What will be done in this matter will be decided, of course, by the whole committee. It may be there will be other matters tomorrow that we will want to ask Mrs. Fischetti about; so Mrs. Fischetti will remain under subpoena to report back to the committee on tomorrow.

Mr. FORD. Shall we report back here at 10 o'clock, Senator?

The CHAIRMAN. I think if she got back by 11 o'clock, it would be all right.

Mr. FORD. We shall be here.

The CHAIRMAN. All right. I regret the attitude you have taken. It is very uncooperative, and we will just have to see whose opinion is correct.

Mr. FORD. I want to say we have a lot of respect for your opinion, Senator.

The CHAIRMAN. I appreciate that, Mr. Ford.

Thank you.

(Witness excused.)

The CHAIRMAN. You have not been sworn, have you?

Mr. GHERSCOVICH. No, sir.

The CHAIRMAN. Mr. Ghertz, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GHERSCOVICH. I do.

TESTIMONY OF ANTHONY A. GHERSCOVICH, ADMINISTRATIVE ASSISTANT AND PRIVATE INVESTIGATOR, OFFICE OF STATE'S ATTORNEY FOR COOK COUNTY, ILL.

The CHAIRMAN. Let us get at the point of this right quick.

Mr. GHERSCOVICH. My name is Anthony A. Ghertz. I am also known as Anthony A. Gherscovich.

Mr. HALLEY. Your title?

Mr. GHERSCOVICH. I am administrative assistant, and also Mr. Boyle's private investigator.

Mr. HALLEY. On Mr. Boyle's instructions, have you appeared here with certain records of the State's attorney's office relating to matters in the jurisdiction of the sheriff of Cook County?

Mr. GHERSCOVICH. I have.

Mr. HALLEY. Will you state what records you have brought?

Mr. GHERSCOVICH. I have various records of letters that Mr. Boyle has sent to the sheriff of Cook County, and letters which he has received.

Mr. HALLEY. There is quite a batch of documents there.

Mr. GHERSCOVICH. I have a résumé of the whole thing, if you want to see that.

Mr. HALLEY. The committee had reference to a particular letter which Mr. Boyle wrote to the sheriff concerning a car belonging to one of the deputy sheriffs seen in front of a gambling place. Do you have that letter?

Mr. GHERSCOVICH. Yes, we have. We wrote a number of letters to the sheriff. That was on June 29.

The CHAIRMAN. June 29, what year?

Mr. GHERSCOVICH. 1949.

Mr. HALLEY. Do you have an answer from the sheriff on that? Perhaps we can save time.

Mr. GHERSCOVICH. Here it is.

Mr. HALLEY. Did you personally observe a car of a deputy sheriff about which this letter of June 29 is written?

Mr. GHERSCOVICH. I did. On the date of that letter, I visited the place at Narragansett, 4416 Narragansett.

Mr. HALLEY. On June 28, 1949?

Mr. GHERSCOVICH. That is right.

Mr. HALLEY. Was there a handbook operating there?

Mr. GHERSCOVICH. There was a handbook operating.

The CHAIRMAN. Where is that? Is that in any municipality or out in the country?

Mr. GHERSCOVICH. It is Norwood Park Township, an unincorporated area.

The CHAIRMAN. Go ahead, Mr. Halley.

Mr. GHERSCOVICH. To the north of the building there was a Packard car parked, the license number was 999-913. We checked with our records, the secretary of state's license record, and it was issued to a deputy sheriff named B. Ragghiante, 913½ Linden Street, Winnetka, Ill.

Mr. HALLEY. I notice you didn't mention that in the letter to the sheriff.

Mr. GHERSCOVICH. No. We checked that after we wrote the letter.

Mr. HALLEY. I see.

Mr. GHERSCOVICH. The other deputy was Deputy Walter Little. We checked on him.

Mr. HALLEY. I offer in evidence the entire batch of letters so the committee can take any action it desires.

The CHAIRMAN. That will be received as exhibit No. 29, and also the summary of the letters.

(The documents referred to were identified as exhibit No. 29, and were returned to the witness after analysis by the committee.)

Mr. HALLEY. For present purposes, will you take out a letter of September 9, 1949, relating to gambling in Calumet City, and the reply of September 13, 1949?

Mr. GHERSCOVICH. September 13?

Mr. HALLEY. Your letter of September 9, and the reply is September 13.

Mr. GHERSCOVICH. September 9.

Mr. HALLEY. Can we have the entire file in evidence?

Mr. GHERSCOVICH. I will give you the entire sheriff's file.

Mr. HALLEY. The entire file of letters.

Mr. GHERSCOVICH. All right, sir.

Mr. HALLEY. Just put them back in the envelope, and that will save time.

Mr. GHERSCOVICH. Here is a letter of November 1. October 25, 1949, I personally went into Calumet City at 11:15 at night to observe crap games, and I went into the Club Riptide and Club Rendezvous and saw crap games in operation. At the same time, I saw the sheriff's squad car, the sheriff of Cook County, License No. M-5155, parked. While I was in town I investigated these places. And I waited around.

At 11:35, I noticed two sheriff's men get in their squad car and leave. They came from State Street.

Mr. HALLEY. Did you have no authority to issue a warrant and make an arrest?

Mr. GHERSCOVICH. I was alone. We don't make a practice of going out and making raids alone. After we make an investigation, the next night or a couple of nights after that we go out and make the raids.

Mr. HALLEY. Did you do that?

Mr. GHERSCOVICH. We did. We made numerous raids. The last raid at Calumet City was a week ago Friday.

Mr. HALLEY. Is there anything else you particularly want to call attention to, because the committee is trying to cover a lot of witnesses. We can study the file.

Mr. GHERSCOVICH. If you study the file, it will give you a good résumé of the letters that we sent to the sheriff, and which we received from the sheriff.

Back in March of 1949 and April 1949, I had occasion to go to 4817 West Sixty-fifth Street, in Stickney Township, and there I met sheriff's police out in front of the place, and saw them, and they stayed there until the races were over, and watched people coming out of the tavern.

Mr. HALLEY. Did they have a horse book in the tavern? Did you go in and look?

Mr. GHERSCOVICH. A number of times I went in there. I couldn't go when the sheriff's men were in there. They wouldn't let me in. But I stood there and watched people go in.

Another time—there is a letter we received on a deputy there. I talked to him about the people running a book, and he said "No." I went into the tavern and saw people in the tavern, and we made a surveillance of the place for about half an hour before, and counted 20 people going in. I called attention to it, and said "20 people went in, and there are only 8 people in the tavern." I said, "Where did they disappear to?" He said, "There is nothing going on while you are here." I waited until after the races were over, and saw the people coming out in droves, about 60 people by count.

Mr. HALLEY. Doesn't your office have authority to do anything about that?

Mr. GHERSCOVICH. You see, our policemen are city policemen. There are only a couple of men who are coroners, which might give them authority. In the unincorporated areas, it is the sheriff's duty to go in there. That was brought out in the trial of Chief Wlekinski and Chief Wigglesworth.

Mr. HALLEY. Is Calumet City an incorporated area?

Mr. GHERSCOVICH. Incorporated.

Mr. HALLEY. Is it the sheriff's duty to go in there, too?

Mr. GHERSCOVICH. No. It is an incorporated area, and they have their own police department. They are supposed to go in when law enforcement breaks down.

Mr. HALLEY. In addition to the letters, do you have any other records that you want to present to the committee?

Mr. GHERSCOVICH. I believe yesterday you asked Mr. Boyle regarding the chief of Calumet City, whose name was Wlekinski.

The CHAIRMAN. Before you get to the chief of Calumet City, there is some testimony or statement that your office, Mr. Boyle's office, started raiding and confiscating slot machines in November, 1949, and at that time the sheriff quit raiding slot machines. Do you have any correspondence with reference to that, or do you know anything about it?

Mr. GHERSCOVICH. Slot machines?

The CHAIRMAN. That is, gambling devices.

Mr. GHERSCOVICH. The raids that we made?

The CHAIRMAN. Is there any correspondence about why Mr. Boyle started and why the sheriff stopped raiding them at that time?

Mr. GHERSCOVICH. We started the raids on slot machines because they were going wide open in the county, and nothing was being done. We were notifying the sheriff prior to that, and the other chiefs of the various villages, about slot machines in their villages. Nothing

was being done, so we went in and took it upon ourselves. We made the investigations and went out and made the raids.

The CHAIRMAN. All right. Go ahead with Calumet City.

Mr. HALLEY. You were going to tell about the chief of police of Calumet City. Was there any point you wanted to make, except the name?

Mr. GHERSCOVICH. I just wanted to bring his name out.

The CHAIRMAN. What is his name?

Mr. GHERSCOVICH. Henry A. Wlekinski.

Mr. HALLEY. What records do you have there with you that you want to present to the committee? We have the letters.

The CHAIRMAN. Is he still the chief of police of Calumet City?

Mr. GHERSCOVICH. Yes, he is.

The CHAIRMAN. Is he the one who was tried for nonfeasance in office?

Mr. GHERSCOVICH. That is right, sir.

The CHAIRMAN. Do you have any correspondence with him?

Mr. GHERSCOVICH. Yes, sir. He gave a statement before the grand jury, and also a statement to Mr. Boyle.

The CHAIRMAN. Let us see the statement to Mr. Boyle.

Mr. GHERSCOVICH. These are the grand jury statements [producing documents.]

The CHAIRMAN. Let these be made exhibit No. 30 without being copied in the record.

(Exhibit No. 30 is on file with the committee.)

Mr. GHERSCOVICH. Here is a résumé of all of our activities in the past year as to raids.

Mr. HALLEY. May that be accepted in evidence?

The CHAIRMAN. That will be made exhibit No. 31 without being copied into the record.

(Exhibit No. 31 is on file with the committee.)

Mr. GHERSCOVICH. That shows our raids and what we have been doing. It is an index of it. We have the reports on that.

Mr. HALLEY. Is there anything else you would like to present? You were going to give us the file of letters. May we have that?

Mr. GHERSCOVICH. Yes, sir.

Mr. HALLEY. Do you need it for your current work?

Mr. GHERSCOVICH. No, sir.

Mr. HALLEY. It will be carefully taken care of.

Mr. GHERSCOVICH. I will leave the whole file with you.

Mr. HALLEY. Thank you.

I know you have taken a lot of trouble and brought a lot of records in here. If you will tell us what they are, perhaps the committee would want to know about them.

Mr. GHERSCOVICH. I have a Melrose Park file, on the Lumber Gardens, which was operated by Rocco De Grazia. We tried the chief of Melrose Park for nonfeasance.

Mr. HALLEY. Can you let the committee have that file for a short while?

The CHAIRMAN. Who is the chief of Melrose Park?

Mr. GHERSCOVICH. Robert Wigglesworth.

The CHAIRMAN. What happened to the trial?

Mr. GHERSCOVICH. He was found not guilty by jury.

The CHAIRMAN. Will you relate very briefly what this transaction grew out of?

Mr. GHERSCOVICH. We were making numerous investigations as to gambling in Melrose Park, and this Lumber Gardens.

The CHAIRMAN. What is the name of the Gardens?

Mr. GHERSCOVICH. Lumber Gardens, and the Casa Madrid.

The CHAIRMAN. Who owned it?

Mr. GHERSCOVICH. Rocco De Grazia.

The CHAIRMAN. Rocco De Grazia. What is his other alias?

Mr. GHERSCOVICH. I don't think he has any. This is a picture of the Lumber Gardens.

The CHAIRMAN. Is that a picture of Lumber Gardens?

Mr. GHERSCOVICH. That is Lumber Gardens. The big building is the Casa Madrid, and the other is Lumber Gardens.

The CHAIRMAN. Did Mr. Boyle's group raid Lumber Gardens?

Mr. GHERSCOVICH. No, sir. We investigated the sheriff about Lumber Gardens, and also Chief Wigglesworth. We wrote numerous letters to them in reference to the Lumber Gardens.

The CHAIRMAN. Nothing was done about it, so the chief of police was indicted for nonfeasance?

Mr. GHERSCOVICH. Failure to act.

The CHAIRMAN. And tried before a jury, and released?

Mr. GHERSCOVICH. Found not guilty.

Mr. HALLEY. Did he testify in his own behalf?

Mr. GHERSCOVICH. Yes; I believe he did.

Mr. HALLEY. Did he admit or deny that the place was operating as a gambling place?

Mr. GHERSCOVICH. His excuse was that he never had a sufficient number of men, that he was sick and ailing, and he couldn't take the job over personally, and he was short of men, the same as at Calumet City; Wlekinski said he was short of men.

Mr. HALLEY. Thank you.

The CHAIRMAN. What else do you have there?

Mr. GHERSCOVICH. I will leave the Melrose Park file and the Calumet City file. There are pictures here of the Calumet City places, too.

The CHAIRMAN. Let us see the pictures of the Calumet City places.

Mr. GHERSCOVICH. I was in on the investigation of Calumet City last September. I was making investigations of Calumet City myself. I would go out to the town. When I hit the town I always managed to get two spots where a crap game was in progress but I was known, and by the time I got to the others they had shut down.

About the county, now, everybody knows me, but I still go out and make the raids.

These files are self-explanatory as to the reports and as to the letters we have written and the court files.

Mr. HALLEY. Fine.

The CHAIRMAN. We appreciate very much, Mr. Ghertz, your coming in.

Mr. GHERSCOVICH. The other records that we have here are to the various other chiefs of police of Blue Island, whom Mr. Boyle called in, and Phoenix. Would you want those records?

The CHAIRMAN. Tell us about what the transactions were.

Mr. GHERSCOVICH. We made investigations in almost all of the towns in the county and all the unincorporated areas. Where we found

gambling to exist, Mr. Boyle then called in the various chiefs of police of the respective communities and told them to have all gambling cease.

The CHAIRMAN. Describe the towns you have over there in the file, without getting the files out, if you can.

Let the record show the witness——

Mr. GHERSCOVICH. The record would show on this résumé sheet.

The CHAIRMAN. Let the record show the witness has brought in voluminous files showing correspondence and transactions with the police departments of the various towns in Cook County outside of Chicago; is that correct?

Mr. GHERSCOVICH. That is right, sir.

The CHAIRMAN. Anything else, Mr. Halley or Mr. Robinson?

Mr. HALLEY. No, sir.

The CHAIRMAN. All right, sir, we will get these back to you.

Mr. GHERSCOVICH. I have two indictment sheets that come out of our file. Would you want that?

The CHAIRMAN. I do not think so.

Mr. GHERSCOVICH. On Wigglesworth and Wlekinski.

The CHAIRMAN. That is what they were charged with?

Mr. GHERSCOVICH. That is right, sir.

The CHAIRMAN. Leave those with these statements which were filed.

Mr. GHERSCOVICH. We still continue our job on raiding the slot machines.

The CHAIRMAN. You keep on going after them? You are doing all right, we hope.

Mr. GHERSCOVICH. Besides that, we also make vice raids and check on minors, which it isn't our duty to do. It is up to the sheriffs and other police chiefs to do, and we have to go out to check taverns for minors. It requires a lot of work, and we are short of men, too.

Mr. ROBINSON. In the course of these raids on gambling places, do you find who the owner is?

Mr. GHERSCOVICH. The owners are seldom present. They always have a cashier in charge, or some floor man.

Mr. ROBINSON. What I am getting at, have you found any indication of these hoodlums being interested or being owners of any of these places?

Mr. GHERSCOVICH. The only names I have got on owners of places are 48 and 1719 West Fifty-sixth Street. Mix Novak, at 810 South Des Plaines, and 9702 South Western was Andrew Red Creighton.

Mr. KERNER. Those are all recognized names and came out in the Skidmore matter.

Mr. GHERSCOVICH. Rocco De Grazia in Melrose Park, Lumber Gardens.

The CHAIRMAN. How about this place, the Vernon Country Club?

Mr. GHERSCOVICH. That is out of the county.

The CHAIRMAN. That is over in Lake County?

Mr. GHERSCOVICH. Yes; thank God.

The CHAIRMAN. Do you know who owns that?

Mr. GHERSCOVICH. No.

The CHAIRMAN. Does it still operate?

Mr. GHERSCOVICH. I never check into Lake County.

The CHAIRMAN. How about Gizzo and Fischetti? Have you found any places that you could trace the ownership to them?

Mr. GHERSCOVICH. As to ownership, you can never trace it.

The CHAIRMAN. Why?

Mr. GHERSCOVICH. We go into these places, and the men we see around, and from our conversations in making investigations, and all of our investigators are pretty well known in there, and in talking with the patrons, it seems that the people running the places are always the cashier or a floor man. As to the owners, they don't know.

The CHAIRMAN. Let us get it a little bit further. This fellow Creighton, is he a well-known racketeer here in the Chicago area?

Mr. GHERSCOVICH. Andrew Creighton formerly operated a handbook, managed handbooks.

The CHAIRMAN. Is he still living?

Mr. GHERSCOVICH. He is.

The CHAIRMAN. What does he do now?

Mr. GHERSCOVICH. Operating a handbook.

The CHAIRMAN. Where?

Mr. GHERSCOVICH. Forest Park, and 9702 Southwest.

The CHAIRMAN. Does he have a criminal record?

Mr. GHERSCOVICH. I don't think he has.

The CHAIRMAN. Then this fellow Rocco De Grazia, is he a well-known racketeer in this area, or do you know?

Mr. GHERSCOVICH. That I don't know. I can only get from the newspaper—

The CHAIRMAN. Who was the third one you mentioned?

Mr. GHERSCOVICH. Mix Novack, Tom Mix Novack.

The CHAIRMAN. What does he do?

Mr. GHERSCOVICH. He is reputed to be a handbook operator at 4819 West Sixty-fifth.

The CHAIRMAN. Is he a well-known character about Cook County?

Mr. GHERSCOVICH. All I know is that he operates a handbook. I don't know anything about these people, their background.

The CHAIRMAN. But you found one of these places was owned by him?

Mr. GHERSCOVICH. Reputedly owned by him. It is the talk that he owns it.

The CHAIRMAN. All right, thank you, sir.

(Witness excused.)

**FURTHER TESTIMONY OF ELMER MICHAEL WALSH, SHERIFF,
COOK COUNTY, ILL., ACCOMPANIED BY MAURICE L. GREENE,
CHIEF, COOK COUNTY HIGHWAY POLICE**

Mr. ROBINSON. Sheriff, do you recall this letter?

The CHAIRMAN. Let us identify the date. This letter of June 29, 1949, to you from Mr. Boyle.

Sheriff WALSH. Yes, I do.

Mr. ROBINSON. Do you recall what action was taken with respect to that letter?

Sheriff WALSH. I wouldn't remember offhand without getting my records. I have Chief Greene here, who is outside, the chief of my highway police, and if I can get those records in, I can tell you what action we took.

The CHAIRMAN. Let us get the chief in.

Sheriff WALSH. He is right outside.

My recollection is that we raided this place about 20 times.

This is Chief Greene, gentlemen.

The CHAIRMAN. How are you, Chief?

Chief, do you solemnly swear the testimony you will give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. GREENE. I do.

The CHAIRMAN. You are the chief of the Cook County Highway Police?

Mr. GREENE. Yes, sir.

Sheriff WALSH. Chief, can you tell us the number of times that the handbook at 4819 West Sixty-fifth Street was raided, offhand, according to our records?

Mr. GREENE. I don't know that I have that particular place. I think it is in the other file.

The record here discloses the Hill Top, and also 4817 West Sixty-fifth Street, which is operated by the same people. You raid them here, and you will find them the next day perhaps over at the other place. We have taken the Hill Top 12 times, according to this record, and 4817 10 times.

Mr. ROBINSON. Let me ask this question, Sheriff: Do you make any effort to raid gambling places in incorporated towns?

Sheriff WALSH. Yes. I want to correct any impression yesterday that we don't make any raids in incorporated towns, because we do. As a matter of fact, Chief Greene reminded me after I left here yesterday that we have made more raids in incorporated towns than we have in unincorporated towns.

Do you have the figures there, Chief?

In incorporated towns we have made 806 raids, and we have made 670 raids in unincorporated towns.

The CHAIRMAN. Six hundred seventy?

Sheriff WALSH. Six hundred seventy.

Mr. ROBINSON. Do you recall its ever having been brought to your attention that some of your deputies were at those locations?

Sheriff WALSH. Yes; I do. I remember that. On one occasion particularly, up at the Wagon Wheel, which we have raided.

Mr. GREENE. Twenty times.

Sheriff WALSH. Twenty times.

One of my squad cars was seen there. I asked Chief Greene to check it; and will you tell what you found?

Mr. GREENE. That is the late date, the last one we had. As soon as we secured information regarding that place, that it was in operation—some days and some weeks they wouldn't be there at all—when they came back, we put a detail there. This particular day we secured information that the lieutenant took the place of the regular squad. That information we secured, so we let the lieutenant go. We suspended him and let him out, because we don't condone that kind of situation. That is what happened at that particular place.

Sheriff WALSH. I remember calling in the lieutenant and discussing it with him, and he denied that the place was in operation on that date. I said, "The State's attorney wrote me a letter and said it was in operation, and your instructions from Chief Greene were to post a detail there to stay there and see they didn't even open, and it was your responsibility up in that district to do that." So he said they

were not going that day, regardless of the letter that came from the State's attorney. So, I immediately suspended him and took him out of police work entirely. He is no longer with me any more.

Mr. ROBINSON. How many deputies or investigators from your office have been suspended?

Sheriff WALSH. I think we had one other on Sixty-fifth Street; isn't that right, Chief?

Mr. GREENE. Yes. We received a letter in that regard, too. It was operating at the same time the squad was supposed to be there. But there are eight different places in that block that they can function. It is a whole big corner, Sixty-fifth Street, and then Cicero is the other way. Hill Top is at the end of the street, and this tavern is at that end. But there is a grocery and a dairy and there are two homes. They are so situated that they can operate in any of these eight places. It is humanly impossible, sometimes, for one squad to go around and find out, because definitely the place is closed if you look at it. It is a difficult corner there at times.

The CHAIRMAN. When a raid is conducted, do you take out all the equipment and everything they have there?

Mr. GREENE. Everything that they have in there.

The CHAIRMAN. Isn't it possible to padlock the place?

Sheriff WALSH. No; we don't have injunction proceedings in this State, Senator. I understand the Chicago Crime Commission is working on a bill now to have the same injunctive procedure as we had here during the prohibition days when Federal prohibition was in force here.

I remember another lieutenant that we suspected was not doing his job. I called him in. I told him we weren't satisfied with the way he was keeping gambling down in the district he was in. I broke him from a lieutenant to a sergeant, and then he left my force shortly after that, about a year ago.

Mr. ROBINSON. Those are the only three instances?

Sheriff WALSH. Yes.

Mr. GREENE. That is all.

Mr. HALLEY. Have you any jurisdiction over Calumet City?

Sheriff WALSH. The primary jurisdiction in Calumet City is on their own police force there, but I have raided Calumet City through my police force, Chief Greene here, many, many times. I think we have a total number of raids in Calumet City since I have been sheriff, 40 slot machines, 35 books, 22 miscellaneous arrests, crap games, card games, punchboards, and strip-tease violations, a total of about 97.

Calumet City has always been a sore spot here in Cook County with us. It is a hot spot. It is the steel-mill district. It has always been a sore spot to us.

I remember one occasion that I myself, personally, went out there—the only way I can possibly conduct a raid in a big town like Calumet City, because of the system they have for warning the minute the squad car comes in that town. They have a warning system there which tips them all off and everything goes down immediately.

Mr. HALLEY. Do you have to use squad cars?

Sheriff WALSH. We use private cars when we can. We don't have private cars, Mr. Halley. We have to use squad cars.

On this one raid that I participated in personally and directed it, which was when Chief Johnson was with me, I took men from other

departments in my office, when they finished their regular work, and asked them to help me out. I spent 3 weeks planning the raid. As a result of that, I had 40 men in this raid. We came in through Indiana in order to effect the raid. I think that time we made about 35 arrests.

I wrote to the mayor of Calumet City at least a dozen letters, apprising him of the situation out there, telling him to have his police force do their job.

Mr. HALLEY. I have before me two letters from you to the State's attorney of Cook County, one of September 13, 1949, in which you say, and I quote:

With reference to dice games operating in Calumet City, this information was forwarded by Chief Greene to the lieutenant in charge of the Homewood Station of the Cook County Highway Police. He visited the locations named in the letter, and also other establishments on the streets of Calumet City. No games were in operation Friday, September 9, 10, or up to the present date, September 13. We have squads assigned to that territory to keep a constant check on gaming of any kind in the Calumet City area.

Did your subsequent experience indicate to you that the information you received, referred to in this letter, was wrong?

Sheriff WALSH. What was the date on that?

Mr. HALLEY. September 13, 1949.

Sheriff WALSH. Could you answer that?

Mr. GREENE. Maybe you have it in here.

Mr. HALLEY. That is your letter.

The CHAIRMAN. Here is the letter, if you want to see it.

Sheriff WALSH. Yes, but we have letters here which will answer that, I believe, Senator.

Mr. HALLEY. I notice on November 1, after the district attorney then called to your attention that one of your squad cars was seen in Calumet City, you then wrote another letter saying that you have found gambling there; that you had written another registered letter to the mayor urging revocation of licenses of four clubs. I think you also said that whoever in your office was there must have been making a routine investigation.

The CHAIRMAN. What is the date of that letter?

Mr. HALLEY. This is November 1, 1949.

Sheriff WALSH. I remember that letter. I have a copy of it in my files. I also wrote a letter to Wlekinski on the same date, who is the mayor of Calumet City. I said:

About 10 days ago I wrote a registered letter informing you an investigator of the State's attorney's office had reported a handbook in operation at the Owl Club at Douglas and Plummer Streets in Calumet City, and asked that you take proper and necessary action. Since that time, highway police from my office have raided the Owl Club, also known as the Cozy Corner, and found a book in operation, and arrested the operators.

My records further indicate that this office has previously made 7 raids, 33 arrests, and that on March 23, 1949, I wrote you another registered letter recommending that the license issued to this establishment be revoked because of repeated gambling violations. A copy of this letter was also sent to the Honorable John S. Fosdick, district attorney.

I again urge that my original recommendation pertaining to the revocation of the license of this tavern be carried out at this time.

The State's attorney informed me that his investigator also reported gambling at the Riptide Club, 101 South State Street; the Rendezvous Club, 100 State Street; and the Four Aces at 206 State Street. My records also indicate that

sheriff's police raided the Riptide Club for gambling operations on December 6, 1947, and again on February 6, 1949, resulting in convictions and fines. Likewise, the Rendezvous Club was raided by the sheriff's police on December 6, 1948, and resulted in a conviction, as well as the Four Aces Club on July 1, 1947, and on May 26, 1947, all of which resulted in convictions of gambling violations. I therefore also recommend that the license be revoked of the Riptide Club and the Rendezvous Club and the Four Aces.

Mr. HALLEY. In view of your strong findings that there was gambling in Calumet City, would it be your view that the information you received from your lieutenant in charge of the Homewood Station, referred to in the letter of September 13, saying that no games were in operation on September 9 through 13, would be right? Does that sound reasonable?

Sheriff WALSH. The man in charge of that station, I called him in and asked for his resignation.

Mr. HALLEY. Did you get it?

Sheriff WALSH. Yes.

Mr. HALLEY. Is that one of the three?

Sheriff WALSH. No; that is another one. I forgot about it.

Mr. HALLEY. When did you again make a raid in Calumet City?

The CHAIRMAN. About how long ago?

Mr. GREENE. We have the arrest slip here—"8-17-50, the 34 Club, Calumet City, raided as a book."

The CHAIRMAN. August 17, 1950?

Mr. GREENE. Yes. That is the last date that a raid was made in Calumet City.

Mr. HALLEY. Chief, what was your prior experience before becoming head of the county highway patrol?

Mr. GREENE. I have been in this department for 9 years.

Mr. HALLEY. Sheriff's department?

Mr. GREENE. That is right. I also was in the Parole Office of the State of Illinois, and I worked for the Government prior to that.

Mr. HALLEY. What government?

Mr. GREENE. The Department of Commerce.

Mr. HALLEY. In what capacity had you worked for the Department of Commerce?

Mr. GREENE. Some work in the Census Bureau. They had some work there.

Mr. HALLEY. Then you went to work for the parole office?

Mr. GREENE. Parole office.

Mr. HALLEY. Which parole office?

Mr. GREENE. The State of Illinois.

Mr. HALLEY. What type of work did you do there?

Mr. GREENE. Investigator and parole agent.

Mr. HALLEY. Then you went to the sheriff's office?

Mr. GREENE. Yes.

Mr. HALLEY. Seven years ago?

Mr. GREENE. Nine years ago. I have been here 9 years.

Mr. HALLEY. Which sheriff appointed you?

Mr. GREENE. O'Brien. I have been here under five sheriffs now: O'Brien; Carey—Carey died; Brodie took over, as the coroner; then Mulcahy came in; and Sheriff Walsh.

Mr. HALLEY. Had you served on the highway police under all those sheriffs?

Mr. GREENE. That is right.

Mr. HALLEY. How long have you been chief of the highway police?

Mr. GREENE. June 2, 1949, I took over.

Mr. HALLEY. What had been your job before June 2, 1949?

Mr. GREENE. I was working in the sheriff's office on the fourth floor for a year prior to that, and before that I wasn't connected with the sheriff's office. I wasn't feeling too well, either. I left there. It was the political set-up why I left there, more or less.

Mr. HALLEY. When did you leave the sheriff's office?

Mr. GREENE. The first of the year, 1948.

Mr. HALLEY. What do you mean by the "political set-up"?

Mr. GREENE. Well, I wasn't sponsored right, and that was the reason for my being let out at that time.

Mr. HALLEY. Who let you out?

Mr. GREENE. The sheriff here.

Mr. HALLEY. Why weren't you sponsored right?

Mr. GREENE. That is the way the word came down the line.

Mr. HALLEY. Who were you sponsored by?

Mr. GREENE. By my ward organization.

Mr. HALLEY. What ward?

Mr. GREENE. The fortieth ward. Originally I came in sponsored, when I first took the job, under a Democratic regime, and I had to have a Republican sponsor to stay in this office after the sheriff took office.

Mr. HALLEY. Then you came back in July 1949?

Mr. GREENE. No. I came back 4 months after I went out, January, February, March, April—about April of 1948—and I went to work on the fourth floor as a writ server.

Mr. HALLEY. Had you found a Republican sponsor?

Mr. GREENE. Yes.

Mr. HALLEY. Who sponsored you?

Mr. GREENE. Originally, or this Republican?

Mr. HALLEY. The second time.

Mr. GREENE. George Ibsen. He is the Republican ward committee-man of the fortieth ward.

Mr. HALLEY. When you left the office in 1948, what was your position?

Mr. GREENE. I was acting lieutenant, Homewood.

Mr. HALLEY. In the highway police?

Mr. GREENE. Yes, sir.

Mr. HALLEY. How long had you held that position?

Mr. GREENE. I would say about 10 months.

Mr. HALLEY. About 10 months?

Mr. GREENE. Yes.

Mr. HALLEY. How long, altogether, had you been in the highway police up to 1948?

Mr. GREENE. Up until 1948? It would be 6½ or 7 years.

Mr. HALLEY. All spent in the highway police?

Mr. GREENE. Yes: I was a deputy, sergeant, and lieutenant. I worked my way all the way through.

Mr. HALLEY. Sheriff, I believe you were asked to bring some records as to your income.

Sheriff WALSH. No; I wasn't.

Mr. HALLEY. You were not?

Sheriff WALSH. No.

Mr. HALLEY. Could you state what your income has been in the last 4 years?

The CHAIRMAN. Before you get on to that, let me ask the chief a question or two.

I do not think you are ever going to get any real law enforcement in the county as long as you have this ward-sponsorship system and a complete turn-over of personnel every time you have a new sheriff, and the division of responsibility between the municipalities, the sheriff's office, and the State's attorney's office. It looks to me like one awful mess.

You were in there, and then you had another sheriff. Sheriff Walsh came along and you did not have the right sponsorship, so, without any hard feelings, you were just out?

Mr. GREENE. That is true; that is politics. My department is quite——

The CHAIRMAN. Then you looked around and got another sponsor. Who is Mr. Ibsen?

Mr. GREENE. He is the Republican ward committeeman in the same ward, the fortieth ward, where I came from originally sponsored under the Democratic regime when I came to this office.

The CHAIRMAN. What business is he in?

Mr. GREENE. He is chief bailiff of the criminal court. He is with the sheriff's office.

Mr. ROBINSON. Any relation to Joe Epstein?

The CHAIRMAN. It is I-b-s-e-n?

Mr. GREENE. I-b-s-e-n, George Ibsen.

The CHAIRMAN. How do you get somebody to sponsor you like that? Is there any money ever passed?

Mr. GREENE. No, sir. The precinct captain—that is what I have been, precinct captain, and carried a pretty good one. He just wanted me over on his side. He saw I was in this job, and the job was a Republican office now, and I liked the work and wanted to stay. He decided to take me over and go into his organization. That is where the letter of sponsorship came through.

The CHAIRMAN. You mean the precinct captain? Who was he?

Mr. GREENE. I was the precinct captain, and in order—I was a Democratic precinct captain for some years, and I stayed through the Democratic regimes, these four sheriffs; and then Sheriff Walsh came in, and it was a Republican regime.

The CHAIRMAN. Did you take your precinct, then, over to the Republican organization?

Mr. GREENE. That is right.

The CHAIRMAN. How do you do that; just take it over?

Mr. GREENE. Well, you live in a place for so many years, the people know you, and eventually you go out, just like a salesman trying to sell. Instead of merchandise, you sell a candidate, whoever you are going out politically for.

The CHAIRMAN. So when you got a Republican sheriff, you just took your organization over to the Republicans?

Mr. GREENE. That is right.

The CHAIRMAN. How many people do you vote in your precinct?

Mr. GREENE. Five hundred twenty.

The CHAIRMAN. What precinct is that?

Mr. GREENE. Forty-fifth precinct of the fortieth ward.

The CHAIRMAN. I thought you said Mr. Ibsen was in the forty-fourth ward.

Mr. GREENE. In the fortieth, sir.

The CHAIRMAN. You vote how many people in your precinct?

Mr. GREENE. In an election?

The CHAIRMAN. Yes.

Mr. GREENE. As high as 450 in an election.

The CHAIRMAN. How many of them can you carry?

Mr. GREENE. I don't carry too many. I carry about 50 or 60 votes.

The CHAIRMAN. You carry 50 or 60 either way?

Mr. GREENE. Well, it was a little more the other way, before.

The CHAIRMAN. You used to carry a little better Democratic than you could Republican?

Mr. GREENE. Those were different years, too. I guess times were a little different, too. When Roosevelt was there, it made a difference, too.

The CHAIRMAN. So a lot of people just follow you, whatever your personal wishes are?

Mr. GREENE. Well, sort of friendly. If there is any advice or any help I can give them, I am ever grateful to do it.

The CHAIRMAN. What sheriff put you in first?

Mr. GREENE. O'Brien.

The CHAIRMAN. Was he a Republican or Democrat?

Mr. GREENE. Democrat. He is a Congressman now.

The CHAIRMAN. What is his first name?

Mr. GREENE. Thomas O'Brien.

The CHAIRMAN. That was in 1942?

Mr. GREENE. Yes, that is right. That is when he came in.

The CHAIRMAN. What would happen if, when you got to be sheriff, you said, "It may have been run under the spoils system in the past but I am going to keep good people in here, and am not going to look at their politics in the matter." What would happen to you?

Sheriff WALSH. Of course, when you are selected as the candidate, you have to make a pledge that you will hire Republicans.

The CHAIRMAN. To whom do you make your pledge?

Sheriff WALSH. To the county central committee.

The CHAIRMAN. If you do not make a pledge, then you are in the dog house from then on?

Sheriff WALSH. You probably wouldn't be selected.

The CHAIRMAN. If you make the pledge and then do not work out that way—

Sheriff WALSH. I insisted on taking care of World War II vets in my campaign, and as I think I testified yesterday, I have over 60 percent of my highway police as World War II vets, and most of those did not come through the political organizations.

The CHAIRMAN. What sort of pledge do you have to take? Do you hold up your hand and swear?

Sheriff WALSH. No, sir, nothing like that. You just agree that you will hire Republicans.

The CHAIRMAN. If they are behind you, you will hire Republicans and clear it with the ward committeemen?

Sheriff WALSH. Yes, and they have the same system in the Democrats.

The CHAIRMAN. Democrat or Republican, it is not a very good way to run a law-enforcement agency.

Sheriff WALSH. That is right. I recommended that the highway police be civil service. I am in favor of it, and I have been in favor of it within 6 months after taking office.

The CHAIRMAN. Excuse me, Mr. Halley. I interrupted you.

Mr. HALLEY. In addition to your income as sheriff, have you had any other income in the last 4 years?

Sheriff WALSH. My salary is about \$10,000 a year, \$9,960 to be exact. I was in the service for 49 months from 1942 to 1945, and I immediately came out and didn't have a chance to pick up the threads of my law practice. I went right into the sheriff's office. I was elected in that first campaign. My only income after I got out of the service was from some of my old clients, where lawyers were handling my work for me. I think it dwindled down, and each year it got less, because I had lost contact with them.

I would say that maybe the first year I got out, when I got back from the Army, approximately \$2,500 or \$3,000. The next year it was about a thousand dollars less; and the last year, my last income tax, I think was around \$1,400.

Mr. HALLEY. Did you have any other income except that?

Sheriff WALSH. I had a little income from stocks and bonds, but not an appreciable amount.

Mr. HALLEY. What was the total amount you reported in 1949, for the year 1949?

Sheriff WALSH. Let's see, \$10,000 plus about \$1,400; maybe 2,100 or \$2,200. That would be the size of my salary, approximately.

Mr. HALLEY. You mean \$700 or \$800 would be income from stocks and bonds?

Sheriff WALSH. Yes; all other income.

Mr. HALLEY. Are you a man of any substantial wealth?

Sheriff WALSH. No; I am not. I have a family of four. A son at Annapolis Naval Academy. I have a son in the Air Force now, a second lieutenant; two daughters.

I sold my home before I was elected sheriff. I live in a home out on the South Shore. The house is vacant now. I also own a place in Michigan, a summer place which I built 13 years ago, a summer cottage right around the lake.

Mr. HALLEY. Have you acquired any property in the last 4 years?

Sheriff WALSH. No; I have not.

Mr. HALLEY. In connection with the slot-machine seizures, could you state how many seizures were made each year? I think you have given the committee a total of 1,400. Could you break that down by years?

Sheriff WALSH. Maybe Chief Greene can do that better than me.

Mr. GREENE. It is a hard thing to decide. There is no equal amount that you ever take. All we do is keep them for a certain length of time, and then destroy them. As far as knowing the actual amount, since I have been here I have destroyed close to 600; since I have been chief I have destroyed that many.

Mr. HALLEY. Can you account for the fact that the county attorney's office, in the same period, was able to go out and find about the same number?

Mr. GREENE. That is according to their figure. I guess that is it. I wouldn't know.

Sheriff WALSH. I would like to make an observation on that.

Mr. HALLEY. Would you, please?

Sheriff WALSH. The State's attorney, of course, according to the press, has Chicago policemen who went out to do this work, 70 policemen. We couldn't get 70 men to go out on a gambling raid, no matter what we tried to do, except if we took them from other departments, and their work would suffer by it. He had the manpower to do it. That is No. 1.

Mr. HALLEY. I think he pointed out that these policemen were not available for that work in any great numbers.

Sheriff WALSH. That is not the information we have.

Mr. GREENE. The State's attorney?

Mr. HALLEY. Yes.

Mr. GREENE. He has them just for that purpose.

Mr. HALLEY. Can he use them in the county, city police?

Mr. GREENE. He has been doing that.

The CHAIRMAN. He said he had 76 police officers, and they were supposed to serve subpoenas and work up cases after an indictment had been returned.

Mr. GREENE. When I have been out in the county there on raids, they have been out in all three districts, everywhere, at one time; and it is humanly impossible to be in three districts unless you have the manpower to get out. I would find four or five of them places, and maybe he would find the same amount, but he would have enough men to leave in the place. He could leave the men sit in there. In many a case, it has been there, because when you go to court you hear the testimony. They sit and drink a couple of glasses of beer and wait it out, and all of a sudden they find somebody going into the next room somewhere, and start playing the slot machine. If you can sit here and wait it out, you can surely find something, or else go down in the basement and find it. But if you are well known, you have a difficult situation sitting in a tavern trying to find out when they will push a machine out and when they will take it back in.

The CHAIRMAN. There is some testimony here to the effect, I believe Mr. Boyle said, that he started raiding slot machines in November 1949, and when he started getting them you just quit getting them.

Sheriff WALSH. That is not true.

Mr. GREENE. We are still at it.

The CHAIRMAN. Maybe that is not exactly what he said.

Sheriff WALSH. We have been getting fewer since he started, because naturally the places that we would take them from, he got them.

Then again, the State's attorney went to private clubs, country clubs, and took machines. We didn't do that.

The CHAIRMAN. Why didn't you do that?

Sheriff WALSH. Because we felt that the machines that were in these public places on the highway were more apt to be syndicate-controlled. We didn't have the manpower to go into all these private clubs, the American Legion and Veterans of Foreign Wars and the private country clubs all over the county.

Mr. GREENE. And you need a warrant to get into any of those places. Definitely, if they know who you are, they won't let you get past the door.

Mr. HALLEY. Would you care to comment on the law-enforcement situation in the county? As you may have heard, we have heard about there being some wide-open dice game in Calumet City, and we just rode out there, and there it was. We asked State's Attorney Boyle about the county situation, and we have a record of a substantial number of letters from the State's attorney to you, calling to your attention places that he had found that were open. We were wondering what comment you might have on the law-enforcement situation in the county.

Sheriff WALSH. With reference to the letters received from the State's attorney, of course you have to take this into consideration, that on the manpower problem he had us licked four to one, to say nothing of having plainclothesmen and investigators out who could spot the places. For the most part, the letters I got from State's Attorney Boyle in the county, with the exception probably of Calumet City, were all books. I think in only one case he told me there was a slot machine to raid. It was always books in the county.

I feel that as sheriff of this county for nearly 4 years now—and I have gone back and checked the records of previous sheriffs—and so far as I can find, my antigambling record is better than that of any sheriff in Cook County at any time.

The CHAIRMAN. How about the books? Did you go raid them when he would write you about them?

Sheriff WALSH. Yes; every time. I have letters in here answering his letter, telling what we did. Every time he wrote us a letter on a book, we would go out and raid it if it was going. If it wasn't going, we would try to find where it moved to.

Mr. HALLEY. Of course, you have the situation, I think three cases in which he called to your attention your squad cars parked in front of places where there was gambling, and in fact, you removed lieutenants as a result. Does that create any feeling in your mind that your system needs checking up?

Sheriff WALSH. We took that opportunity to admonish everybody in the department, and I passed on to Chief Greene that any time we had a similar occurrence, something worse than just firing would happen to them.

Mr. HALLEY. How many lieutenants have you?

Sheriff WALSH. Three.

Mr. HALLEY. Do you have captains over there?

Sheriff WALSH. No.

Mr. HALLEY. Do they all serve under you?

Mr. GREENE. Yes.

Mr. HALLEY. Then you had to fire all your lieutenants?

Mr. GREENE. No.

Mr. HALLEY. At different times?

Sheriff WALSH. We fired two lieutenants.

Mr. GREENE. I tell you, your whole picture is manpower. When I first started, we had 101 more men than we have right now, and, due to the war—no gas, tires, and cars—they were eliminated in 1944. As the sheriff stated—I don't know whether he stated it or not—we put in a request, I know, last year, and we have given them enough information. The circuit court judge who presides,

in other words, gives you the amount of help in a fee office that you are supposed to have. Last year we had close to 11,000 calls, anywhere from dog bites to murder, that were handled by my department.

The manpower is the situation, in every instance. Many a time you can put a detail on a gambling place and they won't operate. It is standing right there.

Mr. HALLEY. I don't see the relationship of manpower to the fact that you had to fire two lieutenants.

Mr. GREENE. One didn't do his job; and the other one, the State's attorney claimed was seen in front of this place, and that is when he was suspended. That is the relationship. In other words, one wasn't in front of anyplace, the one that was let out. The one that was, the last one, he was supposed to be in front of this place, where we had a uniformed detail there, and then the uniformed detail was called off and he was there. Seeing that he was on the premises, the sheriff took it on himself, and it was also my recommendation that we suspend him. On investigation, we let him out. In other words, we don't condone the condition. It has been hard going with the amount of men we have had to work with.

The CHAIRMAN. You have 776 men, altogether?

Mr. GREENE. One hundred twenty-six.

Sheriff WALSH. About 727 on the rolls now.

The CHAIRMAN. That is employees?

Sheriff WALSH. They are employed in the county jail—

The CHAIRMAN. That many officers or men that you have?

Sheriff WALSH. Those are just personnel that the county board allotted to us, that the circuit judge gives us, to perform certain duties in my office. That includes the county jail officers in charge of guarding that jail, which is the largest county jail in the United States, with a population of about 1,300 over there as a general average. That includes all the bailiffs in all the civil courts, all the bailiffs in all the criminal courts on the West Side. That includes all the process servers that serve civil writs, all the process servers who serve criminal writs and bench warrants and indictments in the criminal end of it. It also includes the custodial work in the county building, the elevator operators.

The CHAIRMAN. How many does that leave you that you can have out to enforce the law?

Sheriff WALSH. The circuit court judge fixed that number exactly, 129.

I have taken men from some departments at times, and put them in to help out on the police work, but you can't do that all the time, because they can't work day and night. We try to get additional help each year. We ask for 100 additional men. And each year when the budget comes up, we never get them.

The CHAIRMAN. Anything else, Mr. Halley?

Mr. HALLEY. Chief, what is your salary as chief?

Mr. GREENE. \$6,500 a year.

Mr. HALLEY. In 1949, did you have any income aside from your income from the chief's job?

Mr. GREENE. That is all.

Mr. HALLEY. Thank you.

The CHAIRMAN. Sheriff, are all these stocks, and things you own, listed stocks on the exchange?

Sheriff WALSH. Yes; they are all listed stocks.

The CHAIRMAN. Do either you or the chief own any interest in any tavern or anything of that sort?

Sheriff WALSH. No. I have no interest in any tavern.

Mr. GREENE. No, sir; none.

The CHAIRMAN. Or in any business, except corporate stocks?

Sheriff WALSH. That is right.

The CHAIRMAN. Where do you live? You say you sold your home.

Sheriff WALSH. I live on the South Side, 1500.

The CHAIRMAN. Just a rented home?

Sheriff WALSH. I am living in an apartment now.

The CHAIRMAN. Where do you live, Chief?

Mr. GREENE. Apartment 3333 West Birdsall. I have lived there for 12½ years.

The CHAIRMAN. Are you a man of means?

Mr. GREENE. No, sir.

The CHAIRMAN. You have no income except salary?

Mr. GREENE. That is right.

The CHAIRMAN. Married and have a family?

Mr. GREENE. Yes.

The CHAIRMAN. All right, gentlemen. Thank you.

(Discussion off the record.)

The CHAIRMAN. Back on the record.

Besides Calumet City, what are the worst spots in the county?

Mr. GREENE. You mean the places themselves?

The CHAIRMAN. No, the sections or the towns.

Mr. GREENE. The towns would be Melrose Park, that would be one.

The CHAIRMAN. Where else?

Mr. GREENE. And Forest Park. That is about all of the towns. Of course, Calumet City, which you know about. Those are the three towns.

Sheriff WALSH. And Cicero.

Mr. GREENE. Yes, Cicero. That is right.

The CHAIRMAN. Anything else?

Mr. HALLEY. Nothing else.

Sheriff WALSH. Senator, may I have this made a part of the record here? It is a factual statement.

The CHAIRMAN. Yes, sir. We will file this as exhibit No. 32.

(The booklet referred to, Let's Look at His Record, was identified as exhibit No. 32, and is on file with the committee.)

Sheriff WALSH. Thank you, gentlemen.

The CHAIRMAN. Thank you, Sheriff, and thank you, Chief.

(Witnesses excused.)

The CHAIRMAN. Mr. Bennett, have you been sworn?

Mr. BENNETT. No.

The CHAIRMAN. Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BENNETT. I do.

The CHAIRMAN. All right, gentlemen.

TESTIMONY OF HUGO BENNETT, SURFSIDE, FLA.

Mr. ROBINSON. Will you state your full name?

Mr. BENNETT. Hugo Bennett.

Mr. ROBINSON. Have you always had that name?

Mr. BENNETT. No.

Mr. ROBINSON. Your name has been changed?

Mr. BENNETT. Yes.

Mr. ROBINSON. What was it originally?

Mr. BENNETT. Hugo Benvenuti.

Mr. ROBINSON. What is your address?

Mr. BENNETT. 9517 Carlisle Avenue, Surfside, Fla.

Mr. ROBINSON. Is that your permanent and legal residence?

Mr. BENNETT. Yes; it is.

Mr. ROBINSON. Do you have a residence in Chicago?

Mr. BENNETT. No.

Mr. ROBINSON. Do you file your returns in Florida?

Mr. BENNETT. I do.

Mr. ROBINSON. Mr. Bennett, you did produce certain books and records and canceled checks, and so forth, when we talked the other day. Do you have any other records?

Mr. BENNETT. Yes.

Mr. ROBINSON. I believe you mentioned there was some records that were not produced that you would look for. Do you have those records with you?

Mr. BENNETT. Yes; I think I have what we talked about. You asked for the mortgages. I got those.

Mr. ROBINSON. That is right.

Mr. BENNETT. And the notes.

Mr. ROBINSON. I believe there were two mortgages.

Mr. BENNETT. Yes.

Mr. ROBINSON. And the notes.

The CHAIRMAN. Let us identify them and get on here.

Mr. ROBINSON. Will you state what the first mortgage is?

Mr. HALLEY. Identify that.

Mr. BENNETT. This is a first mortgage on property at Long Beach, Ind., belonging to Paul DeLucia.

The CHAIRMAN. What is the date of it, so we can identify it?

Mr. BENNETT. The date of it is the 22d day of June 1948.

Mr. ROBINSON. Are those original mortgages or are they copies?

Mr. BENNETT. No; these are the originals.

Mr. ROBINSON. Is that the original note?

Mr. BENNETT. This is the original note.

Mr. ROBINSON. May I take a look at them?

(Documents handed to Mr. Robinson.)

Mr. ROBINSON. What is the second document that you have?

Mr. BENNETT. The second document is the second mortgage on the property of Paul and Nancy DeLucia at Kendall County, Ill.

Mr. ROBINSON. What is the date of that mortgage?

Mr. BENNETT. The date of that mortgage is—have I got these mixed up?

Mr. ROBINSON. This is June 22, 1948, the first one.

Mr. BENNETT. May 17, 1950.

Mr. ROBINSON. May I look at those, please?

Mr. BENNETT. Yes, sir.

(Documents handed to Mr. Robinson.)

Mr. ROBINSON. Where are you employed, Mr. Bennett?

Mr. BENNETT. I am auditor of the Miami Beach Kennel Club and the National Jockey Club.

Mr. ROBINSON. Do you have any connection with the tracks in Chicago?

Mr. BENNETT. With other tracks?

Mr. ROBINSON. Yes.

Mr. BENNETT. Oh, yes. Well, for the present, I also am employed at Hawthorn.

Mr. ROBINSON. What is your position there?

Mr. BENNETT. Well, I just handle its parking.

Mr. ROBINSON. What is your salary from the clubs?

Mr. BENNETT. From the clubs?

Mr. ROBINSON. Yes.

Mr. BENNETT. It is \$9,000 at the Miami Beach Kennel Club, and \$6,000 at the National Jockey Club. And——

The CHAIRMAN. The National Jockey Club is Sportsman's Park out here?

Mr. BENNETT. That is right.

Mr. ROBINSON. How did you obtain employment at Sportsman's Park?

Mr. BENNETT. I was out of a position in 1932, and just came into the place and applied for a job. It just happened that they needed somebody. I spoke to Mr. O'Hare at the time. It was a sort of temporary thing at first. It was just sort of a temporary thing at first. He liked my work and kept me on after that.

Mr. ROBINSON. Did anyone sponsor you for that job?

Mr. BENNETT. No, sir.

Mr. ROBINSON. When were you first employed there?

Mr. BENNETT. It was in May 1932.

Mr. ROBINSON. Are you responsible for keeping the books and records of that park?

Mr. BENNETT. Yes.

Mr. ROBINSON. So far as your own personal records are concerned, do you keep any record of cash receipts and disbursements, and that sort of thing?

Mr. BENNETT. No; I don't.

Mr. ROBINSON. Do you supervise the auditing at other tracks besides those that you have named?

Mr. BENNETT. No; I do not.

Mr. ROBINSON. Do you have any connection with the auditing work at any other track other than those that you have named?

Mr. BENNETT. No; the only connection I have is just in a sort of advisory capacity, if something in the line of a tax matter comes up or anything like that.

Mr. ROBINSON. Do you receive any compensation for that?

Mr. BENNETT. Yes. I did. I don't believe I did last year or the year before. From two other tracks.

Mr. ROBINSON. Do you have any other records? It just occurred to me when we talked the other day, Mr. Bennett, you were going to furnish a list of your stock holdings.

Mr. BENNETT. Yes; I have that right here.

(Document handed to Mr. Robinson.)

Mr. ROBINSON. You have added to that list, I note, the amount that you paid for the stock at the time of acquisition.

Mr. BENNETT. That is right, the amount of money that the stock cost me.

The CHAIRMAN. That will be filed as exhibit No. 33.

(Exhibit No. 33 appears in the appendix on p. 1383.)

Mr. ROBINSON. What did you state your salary to be from Sportsman's Park?

Mr. BENNETT. \$6,000. I want to correct that. It is \$6,000, but we have two charity meetings there.

Mr. ROBINSON. Two what?

Mr. BENNETT. Charity meetings. We have two extra meetings there. One is for the Chicago Tribune Charities, and one is for the Herald-American and the Daily News. I do get extra compensation from those two meetings. So it will probably show that I received more than \$6,000 from the National Jockey Club.

Mr. ROBINSON. I understood in our interview the other day you stated your salary as auditor for Sportsman's Park to be \$22,500.

Mr. BENNETT. No. You asked me how much money do I make in salaries, and I looked at my tax return and I said \$22,000, approximately \$22,000.

Mr. ROBINSON. That is your salary from all the clubs?

Mr. BENNETT. Yes.

The CHAIRMAN. How much do you make out at Hawthorn?

Mr. BENNETT. That is \$25 a day.

Mr. ROBINSON. Outside of the stock that you have submitted on this list here, do you own any other property?

Mr. BENNETT. Yes. I have listed there the property that I own.

Mr. ROBINSON. The real estate that you own?

Mr. BENNETT. That is right.

Mr. ROBINSON. That includes a house in Florida?

Mr. BENNETT. The house in Florida, yes, and I have the original cost there; and a house in Saugatuck, Mich., a cottage.

Mr. ROBINSON. You have listed what improvements you have put into the house?

Mr. BENNETT. Approximately. That is only a guess.

Mr. ROBINSON. Mr. Bennett, do you know Paul DeLucia?

Mr. BENNETT. Yes.

Mr. ROBINSON. How long have you known him?

Mr. BENNETT. Well, quite a long time. I can't say exactly when I first remember him. It was since I was a child, practically.

Mr. ROBINSON. How frequently do you see him, as a general rule?

Mr. BENNETT. Not too frequently.

Mr. ROBINSON. How frequently have you seen him since he has been out of the penitentiary?

Mr. BENNETT. Oh, I would say about 7 or 8 times.

Mr. ROBINSON. What were the occasions for those meetings?

Mr. BENNETT. In connection with these loans.

Mr. ROBINSON. Do you see him socially?

Mr. BENNETT. Not very much; but I have seen him socially, also.

Mr. ROBINSON. Did you visit him when he was in prison?

Mr. BENNETT. No; I did not.

Mr. ROBINSON. Did you correspond with him?

Mr. BENNETT. No; I did not.

Mr. ROBINSON. Prior to his going to prison, did you see him very frequently?

Mr. BENNETT. No.

Mr. ROBINSON. On social occasions or other occasions?

Mr. BENNETT. Yes; on some social occasions.

Mr. ROBINSON. How frequently would it be?

Mr. BENNETT. Well, I would say every time I would come in town, I would pay him at least one or two social visits.

Mr. ROBINSON. Would that be at his farm or would it be here in town?

Mr. BENNETT. No; in town here.

Mr. ROBINSON. Did you see him frequently at the Sportsman's track?

Mr. BENNETT. I have never seen him at the Sportsman's track.

Mr. ROBINSON. Do you have a safe deposit box, Mr. Bennett?

Mr. BENNETT. Yes; I do.

Mr. ROBINSON. Where is that?

Mr. BENNETT. I have one at the Miami Beach First National Bank in Miami Beach, Fla., and I have one at the Cicero State Bank in Cicero, Ill.

Mr. ROBINSON. What do you keep in those boxes?

Mr. BENNETT. Papers, mostly papers, and in one box I have a little cash.

Mr. ROBINSON. How much?

Mr. BENNETT. Oh, about a thousand dollars.

Mr. ROBINSON. What banks do you ordinarily do business with?

Mr. BENNETT. Mercantile National Bank.

Mr. ROBINSON. That is where?

Mr. BENNETT. That is in Miami Beach. That is the only bank I do business with.

Mr. ROBINSON. Mr. Bennett, would you relate the circumstances connected with your first loan to Mr. DeLucia?

Mr. BENNETT. Well, as I understood it, he needed some money to make improvements on his farm—

Mr. ROBINSON. Let's take it up in as much detail as we can. Did he get in touch with you, and how?

Mr. BENNETT. Yes; he did. I don't remember exactly, but I believe he called me at home, at my home here. My mother-in-law's home, I should say, here, where I stay when I am in town here. I went to visit him, and he mentioned what his problems were about making these improvements at the farm; that now that he was out and on parole, he was going to center on the farming business. He said he was going to need some money. He asked me if I could do anything for him in that line, and I asked him if there wasn't any other way that he could borrow money. He said, well, he would try. He said there was not particular rush about this.

Mr. ROBINSON. How much did he want to borrow?

Mr. BENNETT. Well, at the time, he said he would need about \$60,000, or something like that. He said he thought that would meet his needs.

Mr. ROBINSON. Did you have that amount of money?

Mr. BENNETT. No; I didn't.

Then I just left town, which I always do about the 1st of December, and I went to Florida. I came back in the spring, and in the spring we talked again about this loan. At that time I made him the loan.

Mr. ROBINSON. When you first talked to him, was there any final settlement as to what amount he did want or what amount you could get for him?

Mr. BENNETT. No; there wasn't anything definite about the whole thing, at all. He just thought that he was going to need this money.

Mr. ROBINSON. How did the final sum of \$40,000 get decided on?

Mr. BENNETT. He said he was going to need more than that. He said he was going to try to borrow money elsewhere, which I understand he did try. The sum of \$40,000, I think, was arrived at because that is about all the security he could offer at the time.

Mr. ROBINSON. Was there any discussion about what the security was going to be?

Mr. BENNETT. Yes; about that time we discussed that.

Mr. ROBINSON. What was the discussion?

Mr. BENNETT. I asked him what he could offer for security, and he told me that he could offer this place in Long Beach, which he would try to sell then.

Next, if I remember correctly, when we first talked about the thing, he was going to try to sell the home immediately. When I came back in the spring, he hadn't sold it yet.

Mr. ROBINSON. Did he have a mortgage on it at that time, do you know?

Mr. BENNETT. No; he didn't.

Mr. ROBINSON. Did you investigate to find out?

Mr. BENNETT. My attorney investigated all that.

I also told him to investigate and see if there were any Government liens on it.

Mr. ROBINSON. You were satisfied that it was good collateral?

Mr. BENNETT. I was satisfied it was good collateral; yes.

Mr. ROBINSON. Do you recall at what time the loan was made?

Mr. BENNETT. It was in the spring of 1948, I believe, the first loan.

Mr. ROBINSON. Did you take the money from your own funds to make the loan?

Mr. BENNETT. I borrowed most of it. I borrowed \$20,000 from Mr. Johnston.

Mr. ROBINSON. Who is he?

Mr. BENNETT. He is the president of Sportsman's Park. I borrowed \$15,000 from Mr. Silverberg.

Mr. ROBINSON. Did you give any note to Mr. Johnston?

Mr. BENNETT. Yes; I gave him a note, and I gave him collateral, also.

Mr. ROBINSON. What was the collateral that you gave him?

Mr. BENNETT. I gave him the stock certificate of the National Jockey Club.

Mr. ROBINSON. How many shares?

Mr. BENNETT. One hundred eighty shares, but I only gave him 146 shares as collateral.

Mr. ROBINSON. I don't follow you. You said you had 180 shares?

Mr. BENNETT. Yes; 180 shares. I gave him 146 shares as collateral.

Mr. ROBINSON. You got \$15,000 from Mr. Silverberg?

Mr. BENNETT. Max Silverberg; yes.

Mr. ROBINSON. Who is he?

Mr. BENNETT. He is the concessionaire at Arlington Park, Washington Park, and Sportsman's Park, and several other places.

Mr. ROBINSON. Did you give a note to him for that?

Mr. BENNETT. Yes; I did.

Mr. ROBINSON. Did you give him any collateral?

Mr. BENNETT. No; I didn't.

Mr. ROBINSON. No collateral whatsoever was put up for that loan?

Mr. BENNETT. No; there wasn't.

Mr. ROBINSON. What was the conversation with Mr. Johnston when you made the loan from him?

Mr. BENNETT. I just told him I had to make an investment and I wanted to borrow \$20,000. I told him I could offer him collateral for it.

Mr. ROBINSON. How about Mr. Silverberg?

Mr. BENNETT. Well, Mr. Silverberg had loaned me money on previous occasions, and he didn't want any collateral. He said it wasn't necessary. He would just lend me the money without any collateral.

Mr. ROBINSON. Where did the other \$5,000 come from?

Mr. BENNETT. My own funds, personal funds.

Mr. ROBINSON. How was that \$40,000 made payable to Mr. DeLucia?

Mr. BENNETT. There was a check for \$10,000, my personal check for \$10,000, and there was a cashier's check—to the best of my recollection, a cashier's check in the amount of \$30,000 that was written at the Mercantile National Bank in Miami Beach. That is to the best of my recollection. I am sure that is what it was.

Mr. ROBINSON. Mr. Bennett, I want to show you this canceled check, dated May 5, 1948. Is that the first portion of the loan that you made to Mr. DeLucia, that \$10,000 check?

Mr. BENNETT. That is correct. I thought at the time, when I gave him this check—he said there was no rush about it. He said, "Wait until you have all the money." I said, "As long as I have made the check out, just go ahead and keep it, and I will get the rest."

Mr. ROBINSON. That check was made payable to Mr. DeLucia?

Mr. BENNETT. That is correct.

Mr. ROBINSON. I show you a check dated June 17, 1948, made payable to the Mercantile Bank.

Mr. BENNETT. Yes. I believe that is part of that \$30,000; I am sure it is, in fact, that went to make up the \$30,000 cashier's check that I made to Mr. DeLucia or his wife. I don't remember which.

Mr. ROBINSON. Why was the check made out in that fashion and not the same as the first check?

Mr. BENNETT. Because I was in Florida when this check was made out, and I was in Chicago when that first check was made out. This check was made out to the Mercantile National Bank because I was having a cashier's check made for \$30,000.

Mr. ROBINSON. Where did the other \$10,000 come from?

Mr. BENNETT. Mr. Johnston. He loaned me that.

Mr. ROBINSON. He loaned you the money and you put it in your account; is that correct?

MR. BENNETT. That is right. I put the first \$10,000 in my account. I think the second 10 went in—I don't remember whether it went in my account or not, but anyway, I had it at the time that I wrote this check out. I think he wired it to me.

MR. ROBINSON. Who wired the money to you?

MR. BENNETT. Mr. Johnston.

MR. ROBINSON. Was Mr. Johnston here at the time, in Chicago?

MR. BENNETT. No; he was in Jacksonville at the time.

MR. ROBINSON. And you were here?

MR. BENNETT. And I was in Miami.

MR. ROBINSON. The point that I am trying to get at is where the other \$10,000 came from. This represents \$30,000.

MR. BENNETT. Well, my bank statement will show a deposit of \$10,000, the first 10 I borrowed; and the second 10 that I borrowed will show in that wire that come to the Mercantile National Bank.

MR. ROBINSON. Let me show you your bank statement for May 1948. You have a deposit there on what date, of \$10,000?

MR. BENNETT. May 6.

The CHAIRMAN. May 6, \$10,000; May 17, \$15,000.

MR. BENNETT. That is correct.

MR. ROBINSON. The \$15,000 deposit represents the \$15,000 you received from Silverberg?

MR. BENNETT. Yes.

MR. ROBINSON. And the \$10,000 on May 10 was a part of the \$20,000 you received from Mr. Johnston?

MR. BENNETT. That is correct.

MR. ROBINSON. What did you do with the other \$10,000?

MR. BENNETT. The other \$10,000 was wired to me and the bank, and I believe it was the same day that it came in that I went to the bank and made this \$20,000 check out, and with that \$10,000—I believe they made a cashier's check to me when the wire was received at the bank. I think I endorsed that check in exchange for this \$20,000 and that \$10,000 that came by wire, I got a cashier's check for \$30,000 which I sent to the attorney up here to finish up this deal.

MR. ROBINSON. You do not have that check?

MR. BENNETT. No. That is a cashier's check.

MR. ROBINSON. I will show you the bank statement for the latter part of May, showing a deposit of \$20,000.

MR. BENNETT. I don't see the deposit. That is a check. That is this check here.

MR. ROBINSON. Yes; that is right. That is the check that you drew on the Mercantile Bank?

MR. BENNETT. That is right.

MR. ROBINSON. To Mr. DeLucia's account?

MR. BENNETT. No.

MR. ROBINSON. To pay to Mr. DeLucia, to lend to Mr. DeLucia?

MR. BENNETT. That is correct.

MR. ROBINSON. I am showing you this check for May 19, 1950—

The CHAIRMAN. A check in the amount of \$40,000 to Hugo Bennett from Josephine Bennett.

MR. BENNETT. That is my wife. She made that check in Florida. I asked her to have the money wired to me. I have a copy of the wire, to the Continental Bank here. The Continental Bank in turn—I had

a cashier's check made when I got that money. That was on this second mortgage.

Mr. ROBINSON. You had a cashier's check drawn on that?

Mr. BENNETT. Yes. You see, this money was wired to me from Florida. There is the wire there. It was wired to the Continental Bank.

Mr. ROBINSON. To your account?

Mr. BENNETT. To my account. I have no account there.

Mr. ROBINSON. How did the \$40,000 get into Mr. DeLucia's hands?

Mr. BENNETT. That was a check, a cashier's check also. I think I have the stub here. That cashier's check was made out at the Cicero State Bank. At any rate, they do have a record of it at the bank.

Mr. ROBINSON. Was that check turned over to Mr. DeLucia?

Mr. BENNETT. Yes. Mr. and Mrs. DeLucia both came to the bank, and I gave them that check, because the wire was from the Continental to the Cicero bank. They met me at the bank, and I had a cashier's check made out at the bank for \$40,000, and gave it to her right then and there, gave it to both of them.

Mr. ROBINSON. Do you know what they did with it?

Mr. BENNETT. I do not know what they did with it.

Mr. ROBINSON. You don't know whether that was deposited to their account, or whether they drew the sum out in cash?

Mr. BENNETT. I do not know. I just gave them that check. I might have that stub. I am not sure. That is a matter of record in the Cicero bank.

The CHAIRMAN. Let me see if I understand this, now. You were up here, and your wife was in Florida?

Mr. BENNETT. That is correct.

The CHAIRMAN. She wrote a check to you while in Florida, on May 19, for \$40,000. That was transferred by wire to the Continental Illinois Bank & Trust?

Mr. BENNETT. The Continental Illinois National Bank.

The CHAIRMAN. You got the cashier's check there for \$40,000?

Mr. BENNETT. You see, the correspondent of the Cicero State Bank in Chicago is the Continental Illinois Bank & Trust Co., and the wire was sent to the Continental for the Cicero State Bank payable to my order. I think it is shown on that slip there that you have.

Then I had this cashier's check made out at the bank——

The CHAIRMAN. At which bank?

Mr. BENNETT. At the Cicero State Bank, made payable to Nancy DeLucia. The money, I received from this wire.

The CHAIRMAN. The Cicero Bank does not show on this yellow slip here.

Mr. BENNETT. Well, some record will show, because that is the way the money was wired. It was through the Continental Bank.

The CHAIRMAN. Anyway, you had the Continental pass it on to the Cicero bank?

Mr. BENNETT. Yes, sir.

The CHAIRMAN. Then you got a check there to Nancy De Lucia?

Mr. BENNETT. That is correct.

The CHAIRMAN. Excuse me, Mr. Robinson.

Mr. ROBINSON. Will you tell me something about Max Silverberg? You say he has the concession at Sportsman's Park?

Mr. BENNETT. Yes; he does.

Mr. ROBINSON. What does he pay for that concession?

Mr. BENNETT. Approximately \$1,100 a day.

Mr. ROBINSON. How long has he had it?

Mr. BENNETT. He has had it ever since the track was opened in 1932.

Mr. ROBINSON. Did you assist him in any way in getting that concession?

Mr. BENNETT. No; I did not.

Mr. ROBINSON. Is it by contract?

Mr. BENNETT. It is.

Mr. ROBINSON. Do you know what other concessions Mr. Silverberg has?

Mr. BENNETT. He has the concessions at Arlington Park, Washington Park, Miami Beach Kennel Club, Jacksonville Kennel Club, Associated Outdoor Clubs, and Orange Park Kennel Club. To the best of my recollection, that is all he has.

Mr. ROBINSON. Do you know whether he has any concession at Copa City or the Beachcomber?

Mr. BENNETT. I don't believe so.

Mr. ROBINSON. What business is your father in, Mr. Bennett?

Mr. BENNETT. My father is an artist.

Mr. ROBINSON. Is he also a friend of Mr. De Lucia?

Mr. BENNETT. Yes. He has known him for years.

Mr. ROBINSON. What were the terms of your loan with Mr. De Lucia, so far as interest payment is concerned?

Mr. BENNETT. Well, the first mortgage was made out so that the interest was payable annually, but evidently there was a misunderstanding about that, because it was Mr. De Lucia's wish that the interest would be payable at the end of the 5-year period. I believe the first mortgage was for 4 percent, and the second one for $3\frac{1}{2}$.

Mr. ROBINSON. The first note says $4\frac{1}{2}$ percent per annum.

Mr. BENNETT. That is correct.

Mr. ROBINSON. Has that interest ever been paid?

Mr. BENNETT. No; it hasn't.

Mr. ROBINSON. Has any new note ever been issued to reflect the change in the terms?

Mr. BENNETT. No; there hasn't.

Mr. ROBINSON. At the time the note was drawn, was there any clear understanding as to what the interest payment was to be?

Mr. BENNETT. Oh, yes. I thought that is what it should be, around $4\frac{1}{4}$. I thought that was the prevailing rate. But later I found out that on mortgages of that size, they generally have a smaller interest rate.

Mr. ROBINSON. Such as what?

Mr. BENNETT. About $3\frac{1}{2}$.

Mr. ROBINSON. Is that the present understanding, that he pays $3\frac{1}{4}$ percent?

Mr. BENNETT. On the second one; yes. Not on the first one.

Mr. ROBINSON. We are speaking about the first one.

Mr. BENNETT. The first one stands.

Mr. ROBINSON. But there has been no interest payment on that?

Mr. BENNETT. That is right.

Mr. ROBINSON. What is the oral agreement that you now have?

Mr. BENNETT. The he pay up all the interest at the end of the period, unless he sells the home and pays off the mortgage.

Mr. ROBINSON. What is the period of the note?

Mr. BENNETT. Five years.

Mr. ROBINSON. Wasn't it the original agreement that he pay nothing on the interest at all, and let it ride for 5 years?

Mr. BENNETT. No.

Mr. ROBINSON. On the first mortgage?

Mr. BENNETT. No; it wasn't. There was a sort of misunderstanding. I understood that he was willing to pay it every year, but later he told me that he would prefer to pay it at the end of the 5-year period, and I said that would be perfectly all right.

Mr. ROBINSON. Had you ever made any loans of that size before?

Mr. BENNETT. Not that size; no.

Mr. ROBINSON. How many loans have you made?

Mr. BENNETT. Well, I have made one of \$4,500.

Mr. ROBINSON. With whom did you negotiate that loan?

Mr. BENNETT. With one of my best friends, a fellow by the name of Furlong.

The CHAIRMAN. What is his first name?

Mr. BENNETT. Charles M.

The CHAIRMAN. Where does he live?

Mr. BENNETT. Oak Park, Ill.

The CHAIRMAN. What does he do?

Mr. BENNETT. He is a Government employee.

Mr. HALLEY. Let's find out about what part of the Government Mr. Furlong worked for.

Mr. BENNETT. He is an electrician for the Federal Building, the new Post Office Building.

Mr. HALLEY. The Federal Government?

Mr. BENNETT. That is correct.

Mr. HALLEY. When did you lend him the money?

Mr. BENNETT. In 1947.

Mr. HALLEY. Has it been paid back?

Mr. BENNETT. No, it hasn't been paid back.

Mr. HALLEY. What is the interest rate on that loan?

Mr. BENNETT. No interest rate.

Mr. HALLEY. No interest at all?

Mr. BENNETT. No.

Mr. HALLEY. You have received no money back?

Mr. BENNETT. No, I haven't.

Mr. HALLEY. How long have you known Mr. Furlong?

Mr. BENNETT. I have known him about 27, about 25 years.

The CHAIRMAN. Do you have any security for that loan?

Mr. BENNETT. No, I don't.

The CHAIRMAN. You just loan somebody \$4,600?

Mr. BENNETT. I have the note. He is going to build a house with the money. He loaned me money before. I was just repaying a favor.

The CHAIRMAN. What is the next biggest loan you have made?

Mr. BENNETT. That is the only one.

Mr. ROBINSON. Do you recall how much you had left in your bank at the time the second loan was made?

Mr. BENNETT. At the time the second loan was made?

Mr. ROBINSON. That is right.

Mr. BENNETT. Oh, about \$3,000 or so.

Mr. ROBINSON. Did that leave you a little bit short of what your ordinary bank balance was?

Mr. BENNETT. Yes, but I had some money coming shortly after that.

Mr. ROBINSON. Where from?

Mr. BENNETT. Chicago Downs Association.

Mr. ROBINSON. In what amount?

Mr. BENNETT. Oh, about \$4,000.

Mr. ROBINSON. Mr. Bennett, you say the only and sole reason why you made this loan to Mr. DeLucia was because of friendship?

Mr. BENNETT. That is correct.

Mr. ROBINSON. Yet you had never seen fit to visit him in prison or write to him, and had only infrequent association with him?

Mr. BENNETT. That is correct.

Mr. ROBINSON. When you discussed making a loan with Mr. Silverberg, you gave no indication of why you wanted that money?

Mr. BENNETT. No, I didn't.

Mr. ROBINSON. Or with Mr. Johnston, either?

Mr. BENNETT. No, I did not.

Mr. ROBINSON. Doesn't it sound like a rather peculiar situation to you?

Mr. BENNETT. Well, the thing was, Mr. DeLucia sort of pleaded his case with me, that he was looking for somebody who had a good reputation that he could deal with. I guess he didn't know who else to turn to, and I wanted to help the man out.

The CHAIRMAN. Let us get this straight, now. Mr. Bennett, do you mean that you approached Mr. Johnston and borrowed \$20,000—

Mr. BENNETT. Yes, sir.

The CHAIRMAN. And he did not ask you what you wanted it for?

Mr. BENNETT. He asked me what I wanted it for.

The CHAIRMAN. Did you tell him what you wanted it for?

Mr. BENNETT. No, I didn't. I told him I wanted it for an investment, an investment I wanted to make.

The CHAIRMAN. Without your telling him what it was, he loaned you that much money?

Mr. BENNETT. Yes, he did.

The CHAIRMAN. Did you ever borrow any big amount from him before?

Mr. BENNETT. No, no big amount.

The CHAIRMAN. Did you ever borrow anything from him before?

Mr. BENNETT. I may have, some small amount.

The CHAIRMAN. But anyway, it was inconsequential amounts up to that time?

Mr. BENNETT. That is correct.

The CHAIRMAN. You have been paying Mr. Johnston interest?

Mr. BENNETT. No, I haven't.

The CHAIRMAN. How old is that note?

Mr. BENNETT. You mean Mr. Johnston's note?

The CHAIRMAN. Yes, those notes that you gave him.

Mr. BENNETT. That dates back to sometime in 1948.

The CHAIRMAN. How much interest are you to pay Mr. Johnston?

Mr. BENNETT. I don't believe there is any interest on that.

The CHAIRMAN. You ought to know. Is he charging you interest, or not?

Mr. BENNETT. No, no. No, there is no interest on it. I am fairly certain there was no interest on that.

The CHAIRMAN. Surely a man would not lend you \$20,000 without any interest?

Mr. BENNETT. Mr. Johnston and I have known each other for a long time, and have been quite friendly. I offered him collateral on it, and from the friendship standpoint I can very well understand why he wouldn't charge me interest.

The CHAIRMAN. Do you know whether he is going to charge you interest, or not?

Mr. BENNETT. I am positive he isn't. The note doesn't say anything. I don't think the note says any interest.

Mr. ROBINSON. Do you have a copy of the note?

Mr. BENNETT. No, I don't.

Mr. ROBINSON. You never retained a copy of the note for \$20,000 that you gave to somebody else?

Mr. BENNETT. No, I didn't.

Mr. ROBINSON. Did you retain a copy of the note that you gave to Mr. Silverberg?

Mr. BENNETT. No, I didn't.

Mr. ROBINSON. Was that no interest, too?

Mr. BENNETT. No.

Mr. ROBINSON. No interest payable?

Mr. BENNETT. No interest there, either.

Mr. ROBINSON. What were the terms of the note?

Mr. BENNETT. On demand.

Mr. ROBINSON. Both notes on demand?

Mr. BENNETT. I think they are both payable on demand, yes.

Mr. ROBINSON. Didn't you see fit to retain a copy of either one of the notes, for \$35,000?

Mr. BENNETT. That is right. I never have retained copies of notes.

Mr. ROBINSON. How would you prove the situation in case Mr. Silverberg died? How would he collect?

Mr. BENNETT. I owe him. He doesn't owe me.

Mr. ROBINSON. That is right. He has the original of the note, but you didn't retain a copy of it, is that right?

Mr. BENNETT. That is right.

Mr. ROBINSON. Why did you tell Johnston you wanted the money to make an investment?

Mr. BENNETT. It was a natural thing for him to ask me what I was going to do with it, and I said I had an investment I wanted to make.

Mr. ROBINSON. Did you consider this an investment?

Mr. BENNETT. I considered it more of a favor than an investment.

Mr. ROBINSON. Then you didn't tell Mr. Johnston the truth?

Mr. BENNETT. That could be.

Mr. ROBINSON. Has Mr. Johnston been a friend of yours for some years?

Mr. BENNETT. Yes.

Mr. ROBINSON. Is it a habit of yours not to tell a friend the truth?

Mr. BENNETT. Well——

Mr. ROBINSON. What I am getting at——

Mr. BENNETT. Mr. Johnston wouldn't approve what I did, that is all.

Mr. ROBINSON. If you told him the circumstances under which the loan was made, would he approve?

Mr. BENNETT. I guess Mr. Johnston wouldn't approve if he knew who I made the loan to.

Mr. ROBINSON. Isn't it a fact that Mr. Johnston knew you were making the loan to Mr. DeLucia?

Mr. BENNETT. No.

Mr. ROBINSON. You say that under oath?

Mr. BENNETT. Yes.

Mr. ROBINSON. You say the same thing so far as Mr. Silverberg is concerned?

Mr. BENNETT. That is correct.

Mr. ROBINSON. That is all I have.

Mr. HALLEY. How did you finance the 1950 loan?

Mr. BENNETT. My own money.

Mr. HALLEY. You had acquired \$40,000 between 1948 and 1950?

Mr. BENNETT. Yes.

Mr. HALLEY. How did you acquire it? Did your income increase any?

Mr. BENNETT. No. Yes; my income increased. There was one deal that I went in on several years ago that left me a \$28,000 profit.

Mr. HALLEY. When did you get the \$28,000 profit?

Mr. BENNETT. I got part of it in 1949 and part of it in 1950.

Mr. HALLEY. What deal was that?

Mr. BENNETT. That was the sale of land. I had a 25-percent interest in land belonging to the Miami Beach Kennel Club.

Mr. HALLEY. That was the deal you were in on with Bill Johnston?

Mr. BENNETT. That is correct; and many others.

Mr. HALLEY. Was the whole land sold, or just your part?

Mr. BENNETT. No; the whole parcel was sold.

Mr. HALLEY. And everybody was paid their share?

Mr. BENNETT. Everybody was paid the same share.

Mr. HALLEY. You got your share that way?

Mr. BENNETT. Yes, sir.

Mr. HALLEY. What happened in 1950? Did Mr. DeLucia come back to see you again?

Mr. BENNETT. He didn't come to see me. I went to see him.

Mr. HALLEY. You went to his farm; is that correct?

Mr. BENNETT. No; I think I went to his house.

The CHAIRMAN. Before you proceed, what was this 1949 deal? I believe you brought this in. What is that? [Handing document to the witness.]

Mr. BENNETT. Yes.

The CHAIRMAN. What was that amount?

Mr. BENNETT. That is a capital gain. It was divided in half, of course; it was a capital gain in the amount of \$13,974.82, the taxable portion of it.

The CHAIRMAN. It is described here as net gain from sale or exchange of capital assets, \$13,974.82.

Mr. HALLEY. Where is the schedule attached?

Mr. BENNETT. I couldn't find it. I don't know. They usually give you just one with your tax return, and it is quite possible that I didn't have a copy.

Mr. HALLEY. You did file such a schedule, though, is that right?

Mr. BENNETT. We definitely did.

Mr. HALLEY. So you got \$26,000 or \$28,000 out of that?

Mr. BENNETT. I also got my original investment back.

Mr. HALLEY. Then in June of 1950, Ricca called you; is that right?

Mr. BENNETT. To the best of my recollection. I don't remember whether he called me or whether I went to see him.

Mr. HALLEY. Where were you when he asked you to come to see him? Were you here in Chicago?

Mr. BENNETT. I don't remember whether he asked me to come to see him, or whether I just went to see him, but when I first saw him I was in Chicago here.

Mr. HALLEY. He said he needed another \$40,000?

Mr. BENNETT. He told me from the very beginning that he was going to need more money, and he had tried, I believe, during the year 1949, to try to get a loan from the Prudential Life Insurance Co. for about \$65,000, I believe. I presume he would have liked to borrow more than he did, but that is all I could loan him at the time.

Mr. HALLEY. When you loaned him the second \$40,000, that left you with about \$1,000 in the bank?

Mr. BENNETT. No; it left me with more than that.

Mr. HALLEY. Let's get the bank statement for 1950. I see a check on May 19 for \$40,000, and a deposit the same day of \$1,100, and a balance at the end of that month of only \$3,400; is that right?

Mr. BENNETT. That is correct.

Mr. HALLEY. What would that have left you in the bank?

Mr. BENNETT. \$3,400.

Mr. HALLEY. You made a deposit, after you made the loan, of \$1,100, is that right? It left you about \$2,400, is that right?

Mr. BENNETT. My wife was in Florida at the time, and I talked to her on the telephone, and I asked her, "What is our balance?" She told me it was over \$3,000 after the \$40,000.

Mr. HALLEY. What other assets do you have at this time, in addition to the cash in the bank?

Mr. BENNETT. I have my home.

The CHAIRMAN. Let us see that schedule.

Mr. HALLEY. The home cost \$8,000; is that right?

Mr. BENNETT. That is correct.

Mr. HALLEY. You list improvements on it of \$3,000?

Mr. BENNETT. Approximately. That is just a guess.

Mr. HALLEY. You have some lots worth \$3,650; is that right?

Mr. BENNETT. That is what I paid for them.

Mr. HALLEY. When did you buy the lots?

Mr. BENNETT. I bought the lots, one was bought a way back about 1941 or 1942. The other one was bought in 1949, I believe.

Mr. HALLEY. Then you have a summer residence that cost \$5,000; is that right?

Mr. BENNETT. That is correct.

Mr. HALLEY. Now, you have some stock?

Mr. BENNETT. That is correct.

Mr. HALLEY. You have, yourself and your wife, 1,100 shares in the Miami Beach Kennel Club; is that right?

Mr. BENNETT. That is correct.

Mr. HALLEY. What is the value of that stock?

Mr. BENNETT. I don't know what the value is. I know what I paid for it.

Mr. HALLEY. What did you pay for it?

Mr. BENNETT. Whatever it shows there.

Mr. HALLEY. \$940?

Mr. BENNETT. No. \$9,400.

Mr. HALLEY. \$9,400?

Mr. BENNETT. That is right.

Mr. HALLEY. You have stock in the National Jockey Club that cost \$2,475?

Mr. BENNETT. \$24,000.

Mr. HALLEY. \$24,750?

Mr. BENNETT. That is correct.

Mr. HALLEY. You have stock in the Associated Outdoor Clubs for \$400?

Mr. BENNETT. Yes.

Mr. HALLEY. And in the Orange Park Kennel Club for \$750?

Mr. BENNETT. Yes.

Mr. HALLEY. And in the Jacksonville Kennel Club for \$1,200?

Mr. BENNETT. Yes.

Mr. HALLEY. The Narragansett Park for \$2,300?

Mr. BENNETT. Yes.

Mr. HALLEY. And the Chicago Downs for \$100?

Mr. BENNETT. \$100; yes. It cost \$100.

Mr. HALLEY. And the Eastern Gas & Fuel common, \$250; is that right?

Mr. BENNETT. Yes.

Mr. HALLEY. Fifty shares?

Mr. BENNETT. Yes.

Mr. HALLEY. Those are your total assets, in addition to the note from Charles Furlong for \$4,500, and whatever cash you have; is that right?

Mr. BENNETT. That is right, plus a small note of \$300.

Mr. HALLEY. Then you owe \$35,000 to Silverberg and Johnston against these assets?

Mr. BENNETT. That is correct.

Mr. HALLEY. When you went to the home of Ricca, was it a more modest home than yours?

Mr. BENNETT. No, it wasn't.

Mr. HALLEY. It is a very elaborate home, is it not?

Mr. BENNETT. Yes.

Mr. HALLEY. Had you seen his farm?

Mr. BENNETT. Yes.

Mr. HALLEY. It is a very elaborate farm, is it not?

Mr. BENNETT. It is a nice farm.

Mr. HALLEY. It is worth about half a million dollars, isn't it?

Mr. BENNETT. Yes.

Mr. HALLEY. A very nice farm?

Mr. BENNETT. Yes.

Mr. HALLEY. It is a luxury farm, is it not?

Mr. BENNETT. I wouldn't say that. It seemed to be an ordinary farm to me.

Mr. HALLEY. It has a great many improvements on it that have been put on in the last few years, has it not?

Mr. BENNETT. Yes.

Mr. HALLEY. Mr. Ricca drives a new Cadillac, doesn't he?

Mr. BENNETT. I guess so. I don't know. I don't know what he drives.

Mr. HALLEY. You have seen him, haven't you?

Mr. BENNETT. Yes, but I don't know what he drives.

Mr. HALLEY. You never even saw his automobile?

Mr. BENNETT. I paid no particular attention to what kind of automobile he had.

Mr. HALLEY. What kind of an automobile do you have?

Mr. BENNETT. A Pontiac.

Mr. HALLEY. You have a Pontiac?

Mr. BENNETT. Yes.

Mr. HALLEY. When did you buy it?

Mr. BENNETT. I bought it in 1948—1949.

Mr. HALLEY. 1949?

Mr. BENNETT. Yes.

Mr. HALLEY. Do you have any other automobiles?

Mr. BENNETT. Yes.

Mr. HALLEY. What other automobile have you?

Mr. BENNETT. A Pontiac.

Mr. HALLEY. Two Pontiacs?

Mr. BENNETT. Yes.

Mr. HALLEY. Both bought in 1949?

Mr. BENNETT. No. One in 1950.

Mr. HALLEY. One in 1950?

Mr. BENNETT. Yes.

Mr. HALLEY. And one in 1949?

Mr. BENNETT. Yes.

Mr. HALLEY. Do you have any other automobiles?

Mr. BENNETT. No.

Mr. HALLEY. Mr. Ricca also has another residence, has he not?

Mr. BENNETT. You mean the one in Long Beach?

Mr. HALLEY. Yes.

Mr. BENNETT. Yes.

Mr. HALLEY. Is that a rather elaborate residence?

Mr. BENNETT. I should say it is.

Mr. HALLEY. What was your income—

The CHAIRMAN. Just a minute, now.

This Long Beach residence—he has a second mortgage on that, has he not, or a first mortgage?

Mr. BENNETT. First.

The CHAIRMAN. What did you figure that place was worth?

Mr. BENNETT. Oh, about \$75,000.

The CHAIRMAN. No mortgage?

Mr. HALLEY. No mortgage. It is paid off. I think that is the testimony.

The CHAIRMAN. How about the loan—

Mr. KERNER. Here is the mortgage.

Mr. HALLEY. On the Long Beach. That is your own mortgage, isn't that, on the Long Beach?

Mr. BENNETT. Yes.

Mr. HALLEY. But you had no mortgage on the home?

Mr. BENNETT. You mean his home in River Forest?

Mr. HALLEY. Yes.

Mr. BENNETT. Oh, no.

Mr. HALLEY. No mortgage on that?

Mr. BENNETT. No, I didn't have a mortgage on that.

Mr. HALLEY. You have, of course, a mortgage on the farm?

Mr. BENNETT. Yes.

The CHAIRMAN. Where is Long Beach?

Mr. BENNETT. Indiana.

The CHAIRMAN. Is that just a residence, a summer home?

Mr. BENNETT. Yes, but it is quite an elaborate summer home. It has quite an elaborate swimming pool and tennis courts, beautiful landscaping.

The CHAIRMAN. Does Mr. DeLucia live there part of the time?

Mr. BENNETT. He used to live there.

The CHAIRMAN. Did you see about the insurance on that property? Do you have the insurance policy?

Mr. BENNETT. No, I haven't.

The CHAIRMAN. Do you know how much it is insured for?

Mr. BENNETT. No, I don't.

The CHAIRMAN. Have you seen about or had any talk with Mr. DeLucia about insurance at all?

Mr. BENNETT. I left those matters entirely up to my attorney to determine.

The CHAIRMAN. You mean you loaned \$40,000 on a house at Long Beach, and you do not know anything about whether it is insured or anything else?

Mr. BENNETT. I have been there. I have seen the home, and I have checked it; but my attorney was to check everything for me. I left those things entirely up to the attorney to see that everything is in order, that I am fully protected.

The CHAIRMAN. Who is living at the home now?

Mr. BENNETT. I don't believe anybody is, right now, as I understand it.

The CHAIRMAN. Excuse me, Mr. Halley.

Mr. HALLEY. What was your income in 1949, aside from that real estate sale?

Mr. BENNETT. About \$22,000 in salaries. I can't say offhand what the dividends would approximate, but I should say there was better than \$10,000 in dividends.

Mr. HALLEY. Do you have the income tax return form?

Mr. BENNETT. It is here. You can get it from that.

Mr. HALLEY. You show a total of \$49,000 less the capital gain of \$13,000, is that right?

Mr. BENNETT. That is right.

Mr. HALLEY. That would be \$36,000?

Mr. BENNETT. That is correct.

Mr. HALLEY. On that you paid a tax of \$15,000?

Mr. BENNETT. That is right.

Mr. HALLEY. Leaving you a net of \$21,000 on which to live in 1949. Would that be correct?

Mr. BENNETT. It must be.

Mr. HALLEY. Is your income in 1950 about the same?

Mr. BENNETT. Yes. I think it will be about the same.

Mr. HALLEY. Are you married?

Mr. BENNETT. Yes, I am.

Mr. HALLEY. Do you have children?

Mr. BENNETT. One child.

Mr. HALLEY. One child. Is your child in school?

Mr. BENNETT. Yes.

Mr. HALLEY. College?

Mr. BENNETT. No. He is 6½.

Mr. HALLEY. Six and a half.

Mr. DeLucia had all these assets. Did you feel that you were a man of the type of means to lend \$80,000 to Mr. DeLucia? Where did you rank as the lender of that kind of money to a man worth the money that Mr. DeLucia had?

Mr. BENNETT. As I said before, it looked to me like that I was the only person he could turn to. So I really went out of my way to do him a favor.

Mr. HALLEY. How is that even possible? He had two residences and the farm and, as you know, a great deal of cash.

Mr. BENNETT. I don't know what he had in cash.

Mr. HALLEY. You don't know that he had a great deal of cash?

Mr. BENNETT. I don't know what cash he had. I never questioned him.

Mr. HALLEY. Would you be surprised to know that he had \$300,000 in cash in a box?

Mr. BENNETT. That is what I read in the newspapers.

Mr. HALLEY. Where would you come in to lend him \$80,000? What would he need \$80,000 from you for, a relatively poor man? Can you answer that?

Mr. BENNETT. Well, I don't know what he needed it for, but he told me what he needed it for, and that is what I gave it to him for.

Mr. HALLEY. As of today, your net worth, aside from that loan, is about \$15,000, isn't it?

The CHAIRMAN. \$25,000.

Mr. HALLEY. \$25,000?

Mr. BENNETT. No. I would say my stocks would be worth more than that, and my home.

Mr. HALLEY. Taking them at their cost value, and as a bookkeeper you know that is the only way you can do it, it is about \$25,000, isn't it?

Mr. BENNETT. I would say it is more than that.

The CHAIRMAN. It must be in the neighborhood of \$40,000.

Mr. HALLEY. But he owes \$35,000.

The CHAIRMAN. Well, roughly, the purchase price of his stocks here would be \$40,000. His home would be \$10,000 or \$15,000. That is \$60,000. He owes \$35,000.

Mr. HALLEY. That is \$25,000, except for the money that is owed to you?

Mr. BENNETT. Except for that money; yes.

Mr. HALLEY. What did Ricca ever do for you?

Mr. BENNETT. Nothing.

Mr. HALLEY. What did his father ever do for you?

Mr. BENNETT. His father?

Mr. HALLEY. Yes.

Mr. BENNETT. I never knew his father.

Mr. HALLEY. Did his family ever do anything for you?

Mr. BENNETT. No.

Mr. HALLEY. Do you know Charlie Gioe?

Mr. BENNETT. No, I don't know him.

Mr. HALLEY. You never met him?

Mr. BENNETT. No.

Mr. HALLEY. Do you know Campagna?

Mr. BENNETT. No.

Mr. HALLEY. Never met him?

Mr. BENNETT. No.

Mr. HALLEY. How did you get your job at Sportsman's Park?

Mr. BENNETT. I applied for a job at that time. I was very much in need of a job. I just went out to the race track like many others, and asked for a job in the mutuel department. However, I told them that I was an accountant, and if there was any need for anyone in the office, I would be glad to work in the office. It just happened that they were in need of somebody, and so I was put to work. My salary there was \$30 a week when the track wasn't operating, and \$50 a week when the track operated.

Mr. HALLEY. Did you also get a job down at the Kennel Club simultaneously?

Mr. BENNETT. No.

Mr. HALLEY. When did you first get a job in the Kennel Club?

Mr. BENNETT. Mr. O'Hare, in the fall of the year, said "I like your work very much, and I would like you to come down to Florida with us."

Mr. HALLEY. This is Eddie O'Hare?

Mr. BENNETT. That is correct.

Mr. HALLEY. When did you first meet O'Hare?

Mr. BENNETT. At the track.

Mr. HALLEY. In those days, did you ever see Ricca?

Mr. BENNETT. I never saw him.

Mr. HALLEY. In 1932, 1933, and 1934?

Mr. BENNETT. No; I didn't see him in those days.

Mr. HALLEY. You didn't see much of him?

Mr. BENNETT. No.

Mr. HALLEY. When did you begin to see much of him?

Mr. BENNETT. I don't remember exactly when. I never did see much of him. I only paid very occasional visits to the man.

Mr. HALLEY. Did he ever visit your house?

Mr. BENNETT. My father's house. I never had a home here.

Mr. HALLEY. Did he visit your father's house in Chicago?

Mr. BENNETT. Yes.

Mr. HALLEY. Is your father still alive?

Mr. BENNETT. Yes; he is.

Mr. HALLEY. Did he ever visit your house in Florida?

Mr. BENNETT. No; he didn't.

Mr. HALLEY. How often would you say you saw Ricca between 1942 and 1944 or 1945?

Mr. BENNETT. I generally saw him about once every time I came to Chicago.

Mr. HALLEY. You would go to his home?

Mr. BENNETT. I may have visited him more than that, but I would say that would be it, every time I dropped into town I would pay him a visit.

Mr. HALLEY. How often did you come to Chicago?

Mr. BENNETT. Twice a year.

Mr. HALLEY. Did you know that Ricca was a friend of Ed O'Hare's?

Mr. BENNETT. I didn't know that.

Mr. HALLEY. Do you know John Patton?

Mr. BENNETT. Yes, I do.

Mr. HALLEY. Where did you meet John Patton?

Mr. BENNETT. At the race track.

Mr. HALLEY. Who introduced you to Patton?

Mr. BENNETT. Mr. O'Hare.

Mr. HALLEY. Patton was one of your bosses, is that right?

Mr. BENNETT. That is right.

Mr. HALLEY. Did you ever see Ricca and Patton together?

Mr. BENNETT. No, I never have.

Mr. HALLEY. Did you ever tell Patton that you knew Ricca?

Mr. BENNETT. No, I never did.

Mr. HALLEY. Did you ever tell Eddie O'Hare that you knew Ricca?

Mr. BENNETT. No, I haven't.

Mr. HALLEY. Is it your position that it is pure coincidence that you were with O'Hare and Patton and Johnston, and that Ricca was a good friend of yours?

Mr. BENNETT. Yes.

Mr. HALLEY. No connection between the fact that they were all members of the Capone gang, and the fact that you knew them all?

Mr. BENNETT. I don't know anything about the Capone gang.

Mr. HALLEY. You know nothing about the Capone gang?

Mr. BENNETT. No, I do not.

Mr. HALLEY. Did you ever read the papers that Ricca was a member of the Capone gang?

Mr. BENNETT. Yes, I have read it in the papers.

Mr. HALLEY. Did you read in the papers that Ricca went to jail?

Mr. BENNETT. Yes.

Mr. HALLEY. You knew he was in jail?

Mr. BENNETT. Yes.

Mr. HALLEY. When he got out of jail, you were aware of what he had done, is that right?

Mr. BENNETT. Aware of what the newspapers said.

Mr. HALLEY. Did you regard him as a good risk for \$80,000?

Mr. BENNETT. Well, a good security, as long as there is security for it.

Mr. HALLEY. If he couldn't get rid of the security or raise any money on it, how could you?

Mr. BENNETT. Well, they wouldn't lend him any money, I guess, on his reputation from the newspapers.

Mr. HALLEY. You know they loaned him money. He had a first mortgage on that farm from an insurance company.

Mr. BENNETT. I understand that he tried to borrow \$65,000 from the Prudential Life Insurance Co., and he couldn't get it.

Mr. HALLEY. But he had a first mortgage from the life insurance company, did he not?

Mr. BENNETT. Yes.

Mr. HALLEY. Did you ever check with the insurance company?

Mr. BENNETT. No. My attorney must have checked.

Mr. HALLEY. He borrowed \$11,000 from a bank? Did you know that?

Mr. BENNETT. No, I didn't know that.

Mr. HALLEY. Would you agree that he was able to raise money at least to that extent?

Mr. BENNETT. Well, I don't know anything about his financial affairs.

Mr. HALLEY. He testified under oath that he had \$300,000. How does that jibe with your story? Would it appear that one of you is lying? Would you go that far?

Mr. BENNETT. No.

Mr. HALLEY. You testified, as I understood it, that he said he needed money.

Mr. BENNETT. That is what he told me.

Mr. HALLEY. If he had \$300,000 in cash, would it appear to you that he needed money?

Mr. BENNETT. He told me he needed this money over a long—it was a sort of long-range plan he had been telling me about on this plan of his for improvements that were to be made. I knew that he went—that is, he definitely told me that he went to the Prudential to try to borrow this money. What else am I to assume?

Mr. HALLEY. When did he tell you that, in 1948 or in 1950?

Mr. BENNETT. I think it was in 1949, either late in 1949 or in 1950.

Mr. HALLEY. You had already loaned him the first \$40,000?

Mr. BENNETT. That is correct.

Mr. HALLEY. When he borrowed the first \$40,000, what did he tell you?

Mr. BENNETT. He just told me he was going to need some money. That is all he told me.

Mr. HALLEY. He didn't tell you how much?

Mr. BENNETT. Oh, yes. He said approximately \$60,000 or \$70,000, whatever the improvements were he was going to make on his farm.

Mr. HALLEY. Did he tell you he needed it right away?

Mr. BENNETT. No, no.

Mr. HALLEY. I think you testified you had the check for the first \$10,000, and he said "Wait until you get the whole \$40,000," is that right?

Mr. BENNETT. That is right. As a matter of fact, I talked to him in September or October or sometime early in the fall of 1947, and it wasn't until the spring that the loan was made.

Mr. HALLEY. Was it in the spring that he came and said, "Now, I need the money"?

Mr. BENNETT. He talked about this from the very beginning, as I remember it, that he was going to need money. He didn't say he needed it right then.

Mr. HALLEY. Why, in 1948, was the money delivered? Did he say, "Now I need it"?

Mr. BENNETT. If I remember right, he said he was going to need the money, and I just wanted to get the thing over with, and gave it to him.

Mr. HALLEY. You gave him the first \$10,000 before you even had a note, didn't you?

Mr. BENNETT. I did, yes.

Mr. HALLEY. You trusted him to that extent?

Mr. BENNETT. I thought he needed it in a hurry. When I gave him the \$10,000, he said "You don't have to do that. Wait until you have it all."

Mr. HALLEY. By the "all," what did he mean? Had you then decided on how much you would give him?

Mr. BENNETT. Yes. I decided on about \$40,000 at that time.

Mr. HALLEY. How did you decide that? Did he say he needed \$40,000?

Mr. BENNETT. That is approximately what he said he needed at the time, and that is about all I could raise anyway at the time.

Mr. HALLEY. If he testified here that at that time he had several hundred thousand dollars, and that he simply felt he wanted to have a little more cash handy, would it appear that he took advantage of you?

Mr. BENNETT. Will you repeat that question?

Mr. HALLEY. He testified here that he had several hundred thousand dollars at that point, in cash, in a box, in his possession. If he told you he needed money badly at that time, was he telling you the truth?

Mr. BENNETT. I don't know whether he was telling me the truth or not.

Mr. HALLEY. What do you think?

Mr. BENNETT. He told me he needed some money.

Mr. HALLEY. It is obvious that he didn't, isn't it?

Mr. BENNETT. I don't know whether he was telling me the truth or not.

Mr. HALLEY. Did you tell him you had to go borrow it?

Mr. BENNETT. No, I didn't.

Mr. HALLEY. Why didn't you say that to him? What did he have on you?

Mr. BENNETT. Nothing.

Mr. HALLEY. He had great assets, two homes, a farm, cash money. You had to go borrow the money, and you didn't even say to the man, "Look, if I lend you this money, I will have to borrow it"?

Mr. BENNETT. Well, I guess it is my silly pride, or something. I just didn't do it. I just didn't say I didn't have it.

Mr. HALLEY. \$40,000 isn't something to be proud about. He could tell how much money generally you had. You didn't live like a very affluent man, did you? You were a salaried man, weren't you?

Mr. BENNETT. Yes.

Mr. HALLEY. I think that is all.

Mr. ROBINSON. Did you tell him at the time where you were going to try to raise the money?

Mr. BENNETT. No; I didn't.

Mr. ROBINSON. How did you get the money from Johnston and Silverberg? Was it cash that they turned over to you?

Mr. BENNETT. No. I think Johnston gave me a check and wired me the second \$10,000.

Mr. ROBINSON. How did you get it from Silverberg?

Mr. BENNETT. Silverberg gave me a check.

Mr. ROBINSON. Mr. Bennett, in 1947 you reported a gross income of about \$30,866.05, and your bank statements indicate that you deposited during that year \$84,221.38. How do you reconcile the difference?

Mr. BENNETT. That can't be.

Mr. ROBINSON. Did you borrow money during that year?

Mr. BENNETT. 1947?

Mr. ROBINSON. 1947.

Mr. BENNETT. No. There must be some mistake.

Mr. ROBINSON. You didn't borrow any money during that year?

Mr. BENNETT. To the best of my recollection, I didn't.

Mr. ROBINSON. In 1948, you showed a gross income of \$33,188.39, and your bank deposit slips show that you deposited seventy-thousand-some-odd dollars.

Mr. BENNETT. Will you repeat that again, now?

Mr. ROBINSON. In 1948, you showed a gross income of thirty-three-thousand-some-odd dollars.

Mr. BENNETT. That is right.

Mr. ROBINSON. And your bank deposits show that you deposited \$70,000.

Mr. BENNETT. That could be.

Mr. ROBINSON. Do you have any explanation for that difference?

Mr. BENNETT. That could be. That is the year that I borrowed the \$35,000.

Mr. ROBINSON. That would possibly explain that.

Mr. BENNETT. Yes. But I am sure there is some mistake about 1947.

The CHAIRMAN. Do you have the 1947 account there, Mr. Robinson? Read the computation again, and let's see if we understand it.

Mr. ROBINSON. In 1947, you reported a gross income of \$30,866.05.

Mr. BENNETT. Yes.

Mr. ROBINSON. Your bank statements indicate you made deposits of \$84,221.38.

Mr. BENNETT. It is impossible. It is impossible. There must be some mistake in the computation.

The CHAIRMAN. See, Mr. Amis, if you can find that bank account.

Mr. ROBINSON. That is taken from his bank statements.

The CHAIRMAN. Does this refresh your memory? Here are three deposits, one of \$15,000 in January 1947, one apparently twenty-one-thousand-odd dollars in March, and another one twenty-eight-thousand-odd dollars in June.

Mr. BENNETT. That doesn't refresh my memory; no. You have some deposit slips there, don't you? Did you find any at all?

The CHAIRMAN. While he is looking at those, let me ask you one or two things, Mr. Bennett.

We want to get this matter straight, and it just does not stand up that you would be loaning a man \$80,000, with your means, having to borrow \$35,000 to do it, unless there is some special reason. You say you had known Mr. DeLucia some time, but you knew a lot of people as well as you knew him, did you not?

Mr. BENNETT. Yes.

The CHAIRMAN. You have a lot of friends who are as good friends as he is?

Mr. BENNETT. Yes.

The CHAIRMAN. Yet another one of your friends could come around, and you certainly would not go to all of the trouble of borrowing \$35,000 and tying up everything you have in one loan of \$80,000? There must have been some special kind of friendship you had with him.

Mr. BENNETT. The reason is that the man seemed to be in a spot.

The CHAIRMAN. A lot of people get in a spot. A lot of your good friends are in spots off and on, are they not, but you do not help them out?

Mr. BENNETT. I haven't had anybody to be in that kind of spot before.

The CHAIRMAN. Well, he was not suffering. He was not hungry. You could see that, could you not?

Mr. BENNETT. There is no question about that.

The CHAIRMAN. He had a farm. He at least had a place to sleep and good things to eat. He had two homes. What sort of spot was he on? What was this spot he was on, and why did you go to such great sacrifice to come to his rescue?

Mr. BENNETT. He had to deal with persons of good reputation. I just helped the man out because he told me what his position was.

The CHAIRMAN. You tied your whole life's earnings up in one loan to a fellow who just wanted to make some improvements on his farm?

Mr. BENNETT. It doesn't happen to be all my money in this case.

The CHAIRMAN. I know; but you are responsible for it.

What if he does not pay you? Are you going to have to pay Mr. Johnston and Mr. Silverberg just the same?

Mr. BENNETT. Absolutely.

The CHAIRMAN. Then it is your money, is it not?

Mr. BENNETT. Yes, but—

The CHAIRMAN. It just doesn't ring true. You can tell us what the situation is.

Mr. BENNETT. There is no situation other than what I have already mentioned, that the man just told me he needed the money and he was in a spot to get it, and he told me he wanted to make this—I asked him, "Why don't you sell the farm?" when he first approached me about the loan. He said, "I am going to make this my work. This is going to be my business from now on."

The CHAIRMAN. He was going to have a model farm, and you were willing to lend somebody that you did not know any better than you did a lot of other people \$80,000 just to improve his farm?

Mr. BENNETT. In the position the man was in, which was a little different from someone else. He was trying to make good after his parole.

The CHAIRMAN. Did Mr. Johnston take this stock as collateral that you offered him?

Mr. BENNETT. Yes.

The CHAIRMAN. He has it now?

Mr. BENNETT. Yes; he has.

The CHAIRMAN. In Sportsman's Park?

Mr. BENNETT. Yes, sir.

The CHAIRMAN. How many shares did he get?

Mr. BENNETT. One hundred and eighty.

The CHAIRMAN. The stock has a par value of only—you paid for National Jockey Club \$25,000 for 210 shares. He has one hundred and how many?

Mr. BENNETT. One hundred and eighty, but I had 25 shares from a way back when I paid \$50 a share for that stock. That was purchased a way back in 1944, approximately. In other words, if I paid the market value on that, those first 25 shares——

The CHAIRMAN. This was not even your stock. This belonged to Josephine, did it not?

Mr. BENNETT. That is correct.

The CHAIRMAN. She transferred it to you?

Mr. BENNETT. She did.

The CHAIRMAN. As collateral?

Mr. BENNETT. That is right.

The CHAIRMAN. You took your wife's stock and put it up for collateral for a loan so you could lend money to a man who just wanted to improve his farm?

Mr. BENNETT. My wife and I are together on everything. In business matters she leaves everything up to me.

The CHAIRMAN. Do you want to let this record state that you got yourself in this sort of situation without any more obligation to Mr. DeLucia than you have stated?

Mr. BENNETT. I have no obligation to him.

The CHAIRMAN. What did he have on you?

Mr. BENNETT. Nothing. Nothing on me. What could he have?

The CHAIRMAN. Do you know whether Mr. Johnston knew Mr. DeLucia or not?

Mr. BENNETT. As far as I know, he didn't.

The CHAIRMAN. Or Mr. Silverberg?

Mr. BENNETT. As far as I know, he didn't.

The CHAIRMAN. Do you know Harry Russell?

Mr. BENNETT. No; I don't.

The CHAIRMAN. Have you ever been in any trouble yourself?

Mr. BENNETT. No—I got into a little trouble in Miami this winter in a traffic accident.

The CHAIRMAN. I mean outside of a traffic accident.

Mr. BENNETT. Yes. About 25 or 26 years ago.

The CHAIRMAN. What was that?

Mr. BENNETT. When I was about 20 years old. I was working in a restaurant, and somebody came in and wanted some liquor. He was quite a big fellow. There was quite a big noise around the place. The cook said to give it to him, give him some of that liquor that the fellow who owned the place was drinking. So I gave it to him. Just as that happened, these policemen walked in; and I was arrested.

The CHAIRMAN. You paid a fine or were convicted?

Mr. BENNETT. No; I wasn't convicted. I was discharged.

The CHAIRMAN. You were discharged?

Mr. BENNETT. Yes.

The CHAIRMAN. Was that in Chicago?

Mr. BENNETT. Yes. It was an incident that was entirely the creation of someone else. I had absolutely nothing to do with it. It was forced.

The CHAIRMAN. Did Mr. DeLucia help you get out of that?

Mr. BENNETT. No.

Mr. WHITE. Did they take your fingerprints at that time?

Mr. BENNETT. No.

Mr. WHITE. Have you ever had your fingerprints taken?

Mr. BENNETT. No.

Mr. WHITE. Not for any purpose whatsoever?

Mr. BENNETT. Not for any purpose whatsoever.

The CHAIRMAN. Were you born here in Chicago?

Mr. BENNETT. No; I wasn't.

The CHAIRMAN. Where were you born?

Mr. BENNETT. I was born in Italy.

The CHAIRMAN. Where?

Mr. BENNETT. In Naples.

The CHAIRMAN. How old were you when you came over here?

Mr. BENNETT. Six.

The CHAIRMAN. When did you come to Chicago?

Mr. BENNETT. In 1910.

The CHAIRMAN. Your family came directly here?

Mr. BENNETT. Yes.

The CHAIRMAN. How far did you live from the DeLucia's when you came here?

Mr. BENNETT. I don't know.

The CHAIRMAN. When do you first think you knew Mr. DeLucia?

Mr. BENNETT. I would say about 1915 or 1916, around that time.

The CHAIRMAN. How far did you live from him then?

Mr. BENNETT. It may have been a block or two. I don't remember.

The CHAIRMAN. Were your father and Mr. DeLucia ever in business together?

Mr. BENNETT. No; they weren't.

The CHAIRMAN. Were there ever any business transactions between any part of your family and any part of his family?

Mr. BENNETT. No.

The CHAIRMAN. We are just trying to look for the extraordinary motive for this thing, Mr. Bennett. There must be some explanation of it.

Mr. BENNETT. I know, Senator, it is hard to believe, but there is no motive behind it.

The CHAIRMAN. I mean explanation, how you happened to do this.

Mr. BENNETT. As the circumstances were put to me, I merely went out of my way to do somebody a favor.

The CHAIRMAN. You admit that on the face of it, it looks very, very strange, that here you, a salaried man, without having the money yourself, would make a loan to a man with two homes and a farm, who just wanted to improve his farm, who never had done anything particularly for you, and you were not obligated to him. He said he wanted some money to improve his farm, and you would go to the extent of mortgaging your wife's stock, borrowing \$35,000, and tying up a very substantial amount of your estate to lend him \$80,000. You have not gotten any interest on it.

Mr. BENNETT. That is true.

The CHAIRMAN. On your other investments, you put them in stocks and real-estate transactions, and you have gotten pretty good returns.

Mr. BENNETT. I expect to get the interest on it when it is due.

The CHAIRMAN. You do not even know whether the house is insured or not, how much it is insured for.

Mr. BENNETT. I left those things strictly up to the attorney. He was supposed to check all of that. I presume that he did.

Mr. HALLEY. What collateral did you give Silverberg?

Mr. BENNETT. I didn't give any collateral.

Mr. HALLEY. None at all?

Mr. BENNETT. None at all.

Mr. HALLEY. You just gave him a note?

Mr. BENNETT. That is all.

Mr. HALLEY. No interest?

Mr. BENNETT. No interest at all.

Mr. HALLEY. What did you tell Silverberg?

Mr. BENNETT. I just told him I needed it for an investment.

Mr. HALLEY. And he just gave it to you?

Mr. BENNETT. Yes.

Mr. HALLEY. Did he give you a check or cash?

Mr. BENNETT. He gave me a check.

Mr. HALLEY. Did you have any agreement to pay it back at any particular time?

Mr. BENNETT. It is a demand note, and as soon—I told him I would pay it back just as soon as I could. There really was no definite time on it, but he expects it. He expects it very shortly, I imagine.

Mr. HALLEY. He didn't want to know what kind of investment?

Mr. BENNETT. He didn't ask me particularly what kind of investment. He has loaned me money before.

Mr. HALLEY. Did you contribute to the campaign of Fuller Warren in Florida?

Mr. BENNETT. Not one cent.

Mr. HALLEY. Did you assist Bill Johnston in any of the campaign activities?

Mr. BENNETT. I had nothing to do with the campaign whatsoever.

Mr. HALLEY. Do you know John Rush?

Mr. BENNETT. Yes; I do.

Mr. HALLEY. What is your relationship with John Rush?

Mr. BENNETT. Just from seeing him around Mr. Johnston, that is all.

Mr. HALLEY. He is the attorney for——

Mr. BENNETT. For the Jacksonville Kennel Club.

Mr. HALLEY. What is your position with the Kennel Club?

Mr. BENNETT. With the Jacksonville Kennel Club?

Mr. HALLEY. Yes.

Mr. BENNETT. I don't have any position with Jacksonville Kennel Club.

Mr. HALLEY. None whatsoever?

Mr. BENNETT. A sort of advisory capacity.

Mr. HALLEY. What do you mean, in an advisory capacity?

Mr. BENNETT. I mean in the accounting field, anything in the accounting field, but I don't have any position there. I get \$500 a year for 2 or 3 years out of there, I think.

Mr. HALLEY. Did you ever consult with Rush about the Jacksonville Kennel Club?

Mr. BENNETT. No; not unless it would be a tax matter or an accounting matter.

Mr. HALLEY. Did you ever consult with him about the Miami Kennel Club?

Mr. BENNETT. No. We have an attorney at Miami Beach, Carl T. Hoffman.

Mr. HALLEY. Who brought you to the Miami Kennel Club, Eddie O'Hare?

Mr. BENNETT. Mr. O'Hare.

Mr. HALLEY. During what year, 1932?

Mr. BENNETT. 1932, yes.

Mr. HALLEY. Did you ever see Mr. Capone down there, Al Capone?

Mr. BENNETT. I never saw him in my life.

Mr. HALLEY. Did you do the bookkeeping for the Miami Kennel Club?

Mr. BENNETT. Yes; I did.

Mr. HALLEY. Who owned it in 1932?

Mr. BENNETT. Mr. O'Hare, and Mr. Patton had a greater interest in there, and Mrs. Highland, Mr. O. P. Smith; Carl T. Hoffman had an interest; Frank Anderson had an interest. I judge there were about 25 or 30 stockholders at that time. Steve Hannegan had an interest.

Mr. HALLEY. Who owned the majority or controlling interest?

Mr. BENNETT. Mr. O'Hare had the controlling interest, I believe, or not quite.

Mr. HALLEY. Who had the control of the Sportsman's Park in Chicago?

Mr. BENNETT. Mr. O'Hare and Mr. Patton combined would have had controlling interest.

Mr. HALLEY. At that time——

Mr. BENNETT. But neither one would have control otherwise.

Mr. HALLEY. At that time, did you have any relationship with any of the other kennel clubs located anywhere else in the country?

Mr. BENNETT. What year is that?

Mr. HALLEY. 1932.

Mr. BENNETT. No.

Mr. HALLEY. Did you subsequently have a relationship with any of the other Kennel Clubs?

Mr. BENNETT. Yes, in 1932 I was asked to come to Florida, to Miami, and that was my first connection with the Miami Beach Kennel Club.

Mr. HALLEY. What other kennel clubs were you associated with at any time?

Mr. BENNETT. The one in Taunton, Mass. I was there from 1935 to 1939.

Mr. HALLEY. Who owned that?

Mr. BENNETT. Mr. O'Hare, Mr. Egan, and others.

Mr. HALLEY. Who were the others?

Mr. BENNETT. I can't remember who they were. There were some Massachusetts stockholders. Mr. Egan was one of the largest stockholders. I believe he had 50 percent.

Mr. HALLEY. How much did Mr. O'Hare have?

Mr. BENNETT. Mr. O'Hare and others had about 50 percent.

Mr. HALLEY. Were you with Mr. O'Hare the day he was murdered?

Mr. BENNETT. Yes, I was.

Mr. HALLEY. What happened? Was he at the race track?

MR. BENNETT. Yes, he was out at the race track that day.

MR. HALLEY. With you?

MR. BENNETT. With myself and anyone else who had business there.

MR. HALLEY. Who else was there? I take it this is in the offices of the track?

MR. BENNETT. Yes.

MR. HALLEY. Who was there?

MR. BENNETT. Miss Caravetta, myself, an auditor from Wolf & Co. here in Chicago; Mr. Patton was there; I believe Mr. Johnston was there, too. I don't know of anyone else.

MR. HALLEY. Were you there when Mr. O'Hare left?

MR. BENNETT. Yes, I was.

MR. HALLEY. Did he take his pistol with him?

MR. BENNETT. I didn't know anything about his pistol.

MR. HALLEY. He had a pistol, didn't he?

MR. BENNETT. I don't know.

MR. HALLEY. Didn't he keep it right there in the office?

MR. BENNETT. From what I can remember, Mr. O'Hare never carried a pistol.

MR. HALLEY. You have heard that he had a pistol at the office, haven't you?

MR. BENNETT. Yes, I heard that that particular day he had a pistol at the office; yes.

MR. HALLEY. You didn't see it?

MR. BENNETT. No, I didn't.

MR. HALLEY. Do you have any idea who might have killed him?

MR. BENNETT. Not the slightest idea.

THE CHAIRMAN. Did you go down the street with him?

MR. BENNETT. No, I didn't. I was in the office. It was after the meeting was over, and I was just closing the books. We had the auditor from Wolf & Co. and were just in the normal business procedure of making up the audit for the year.

MR. HALLEY. Did you know that Patton was known as the boy mayor of Burnham?

MR. BENNETT. Yes.

MR. HALLEY. You knew the reputation of Burnham with the Capone Syndicate?

MR. BENNETT. I don't know much about Burnham.

MR. HALLEY. You knew it was a wide open place run by the Capone crowd?

MR. BENNETT. I had heard it. I never frequented those places, and I wouldn't know anything about them.

MR. HALLEY. You read about it in the newspapers, didn't you?

MR. BENNETT. Yes. My knowledge would be strictly from newspaper knowledge.

MR. HALLEY. Were you ever with Patton and Ricca together?

MR. BENNETT. Never.

MR. HALLEY. At no time?

MR. BENNETT. At no time.

MR. HALLEY. You never saw them together?

MR. BENNETT. No.

MR. HALLEY. Did you ever work for Ricca?

MR. BENNETT. No, I never did.

Mr. HALLEY. Who owned the restaurant in which you were arrested?

Mr. BENNETT. A man by the name of Pucchi, I think his name was.

Mr. HALLEY. Do you remember his full name?

Mr. BENNETT. No, I don't.

Mr. HALLEY. Where did you go to work after that?

Mr. BENNETT. At the same time, I had a newspaper route in the morning that took me about 4 hours. After that I went to school. I went to Crain College for 2 years.

Mr. HALLEY. Then what did you do?

Mr. BENNETT. Then I went to work at the Blackstone Hotel as clerk in the engineering department.

Mr. HALLEY. Who was your supervisor?

Mr. BENNETT. Mr. Eberman, the chief engineer. Mr. Barnes was the manager of the hotel.

Mr. HALLEY. How long did you stay there?

Mr. BENNETT. I stayed there until 1928 or 1929 or 1927, I don't remember what it was. Then I got a full bookkeeper's position at Charles Emrich & Co.

Mr. HALLEY. How long did you stay there?

Mr. BENNETT. I stayed there until they went bankrupt in 1929.

Mr. HALLEY. What was their business?

Mr. BENNETT. The pill business.

Mr. HALLEY. In Chicago?

Mr. BENNETT. Yes.

Mr. HALLEY. Then where did you work?

Mr. BENNETT. Then—that was after the crash and the depression. I solicited accounts for a collection agency, and took just about any job I could get to get along, because my family was not in very good circumstances.

Mr. HALLEY. Has your family since improved in circumstances or is your father still a poor man?

Mr. BENNETT. He is still a poor man.

Mr. HALLEY. Do you ever go out with Ricca?

Mr. BENNETT. No.

Mr. HALLEY. Have you ever gone out with him?

Mr. BENNETT. No; I never have.

Mr. HALLEY. Have you ever been in a restaurant with him?

Mr. BENNETT. In a restaurant with him? I don't think so.

Mr. HALLEY. You just go to his house?

Mr. BENNETT. Yes.

Mr. HALLEY. He has never come to yours?

Mr. BENNETT. No. I don't have any home here.

Mr. BENNETT. Yes.

Mr. HALLEY. How often?
that is when he got out of jail.

Mr. HALLEY. Have you ever seen him at your father's house?

Mr. BENNETT. Not very often, but I have seen him there.

Mr. HALLEY. How many times since 1945? Let us say 1947, because

Mr. BENNETT. I don't believe I have seen him there since.

Mr. HALLEY. Your only relationship is that you go to his home, is that right, to Ricca's home, about twice a year?

Mr. BENNETT. Yes.

Mr. HALLEY. Do you have dinner there?

Mr. BENNETT. I have had dinner there; yes.

Mr. HALLEY. How often?

Mr. BENNETT. Not very often; occasionally.

Mr. HALLEY. The other times you just dropped by to pay your respects?

Mr. BENNETT. That is all.

Mr. HALLEY. Did you do that before Ricca went to jail, too?

Mr. BENNETT. Yes; I used to visit him occasionally.

Mr. HALLEY. About on the same basis?

Mr. BENNETT. Just about the same basis.

Mr. HALLEY. About once or twice a year?

Mr. BENNETT. I would say yes.

Mr. HALLEY. Not always to have a meal; is that right?

Mr. BENNETT. That is right.

Mr. HALLEY. What would you do when you got there? What would you talk about?

Mr. BENNETT. Social.

Mr. HALLEY. Did you take your wife?

Mr. BENNETT. Yes.

Mr. HALLEY. He never came to your house?

Mr. BENNETT. I have no home here. I have no home that I can entertain in.

Mr. HALLEY. You spend some time here each year; don't you?

Mr. BENNETT. Yes.

Mr. HALLEY. At Sportsman's Park?

Mr. BENNETT. Yes.

Mr. HALLEY. Where do you live?

Mr. BENNETT. I live with my mother-in-law at 3809 West End Avenue.

Mr. HALLEY. Does she have an apartment?

Mr. BENNETT. Yes.

Mr. HALLEY. How large an apartment?

Mr. BENNETT. Four rooms.

Mr. HALLEY. Don't you realize that your testimony amounts to perjury? Don't you realize that?

Mr. BENNETT. I am sorry. You are asking me to tell the truth, and that is what I am telling you.

Mr. HALLEY. Don't you realize the testimony that is completely incredible is perjurious?

The CHAIRMAN. Mr. Bennett, after you talked with Ricca, DeLucia, about his wanting to borrow all this money, who did you advise with about it? Did you talk with your father about it?

Mr. BENNETT. No.

The CHAIRMAN. Who did you talk with about it?

Mr. BENNETT. I talked to my wife about it.

The CHAIRMAN. Just whether this would be a good thing to do or not? You didn't mention it to your father at all?

Mr. BENNETT. No; I didn't. My father is too old for that.

The CHAIRMAN. Do you have several brothers and sisters around here?

Mr. BENNETT. I have two brothers; yes.

The CHAIRMAN. Where do they live?

Mr. BENNETT. Three brothers. They live here in Chicago.

The CHAIRMAN. Are they friends of DeLucia?

Mr. BENNETT. Not particularly, any more than I am.

The CHAIRMAN. Have they had any business connections with him?

Mr. BENNETT. No; they haven't.

The CHAIRMAN. Did you talk with your brothers about this matter?

Mr. BENNETT. No; I didn't.

The CHAIRMAN. Nobody but your wife?

Mr. BENNETT. That is right.

The CHAIRMAN. Just the two of you decided to lend him \$80,000?

Mr. BENNETT. That is right. I am the only one who would be able to go into a transaction of that kind.

The CHAIRMAN. I know, but I thought you might advise with somebody about whether it would be a good thing to do, whether you could afford to tie up all that amount of money with one man.

Mr. BENNETT. With the proper security, I didn't think there was any risk.

The CHAIRMAN. Did you ask anybody about whether LeLucia really needed the money or not?

Mr. BENNETT. No, I didn't ask anyone else. I didn't think anybody would know but him.

The CHAIRMAN. Did you ask him for a financial statement to show what he had?

Mr. BENNETT. No, I didn't.

The CHAIRMAN. Do you belong to any organization that DeLucia belongs to?

Mr. BENNETT. No, I never have.

The CHAIRMAN. Any secret society?

Mr. BENNETT. I don't know of any secret societies.

The CHAIRMAN. When DeLucia was in the penitentiary, did he write you at any time?

Mr. BENNETT. Never.

The CHAIRMAN. Did you write him?

Mr. BENNETT. No, I didn't.

The CHAIRMAN. Did you know where he was?

Mr. BENNETT. I couldn't tell you.

The CHAIRMAN. Did your lawyer also represent him?

Mr. BENNETT. No.

The CHAIRMAN. Who is your lawyer in Chicago who handles your matters?

Mr. BENNETT. Joseph Butler.

The CHAIRMAN. Is he still here?

Mr. BENNETT. Yes.

The CHAIRMAN. All you got him to do was just to get up the papers, is that right?

Mr. BENNETT. Yes; to get up the papers and check to see that there were no Government liens, because I thought there was a possibility of Government liens on the property.

The CHAIRMAN. Did you have a title check?

Mr. BENNETT. Oh, definitely.

The CHAIRMAN. Did you get a title guaranty?

Mr. BENNETT. I left that strictly up to the attorney to see whether there was a good title.

The CHAIRMAN. Do you know whether he went down to Indiana to check the title, or not?

Mr. BENNETT. He did.

Mr. CHAIRMAN. Do you have some certificate stating the title is good?

Mr. BENNETT. I don't know. Those things I generally leave up to the attorney. Every real estate transaction I ever was in, I always let the attorney decide whether the title was good or not.

The CHAIRMAN. Did the attorney give you a letter that the title was good?

Mr. BENNETT. I think he did. I am not sure.

The CHAIRMAN. Have you found such a letter, Mr. Robinson?

Mr. ROBINSON. No; we don't have one.

Mr. BENNETT. I am not positive.

Mr. ROBINSON. What is the full name of the lawyer?

Mr. BENNETT. Joseph J. Butler.

Mr. ROBINSON. Do you know what his residence or business address is?

Mr. BENNETT. I think it is 231 South La Salle, if I am not mistaken.

Mr. HALLEY. Call him on the phone and see if you can get him to come over here.

The CHAIRMAN. How much did you pay him for looking into this matter for you?

Mr. BENNETT. Two-hundred-some-odd dollars.

The CHAIRMAN. Why did you not make Mr. DeLucia pay some of it?

Mr. BENNETT. The second time, I did. It was just an oversight the first time. He was my lawyer and I paid him.

Mr. HALLEY. Anything else?

Mr. ROBINSON. Yes.

Do you know a man by the name of Mercer?

Mr. BENNETT. Yes; I do.

Mr. ROBINSON. Who is he?

Mr. BENNETT. He is the president of the Mercantile National Bank in Miami Beach.

Mr. ROBINSON. Do you know why he would be calling from your telephone number in Miami Beach to the Continental Trust Co. on May 19 of this year?

Mr. BENNETT. That must have been in relation to that wire for that money.

Mr. ROBINSON. Why was he calling from your home?

Mr. BENNETT. My home? Oh, the telephone call was charged to my home. My wife was at the bank, and the telephone was charged to my home telephone.

Mr. ROBINSON. Mr. Bennett, how do you know you were the only one that DeLucia could turn to to get this loan?

Mr. BENNETT. That is what he told me.

Mr. ROBINSON. That is what he told you?

Mr. BENNETT. Yes.

Mr. ROBINSON. Did Mr. DeLucia ever buy any paintings from your father?

Mr. BENNETT. Yes; he did, quite some time back.

Mr. ROBINSON. How many did he buy?

Mr. BENNETT. I don't remember.

Mr. ROBINSON. Do you know what he paid for them?

Mr. BENNETT. No; I don't.

The CHAIRMAN. We will recess at this time until 8:45 this evening. (Thereupon, at 5:30 p. m., a recess was taken until 8:45 p. m., of the same day.)

EVENING SESSION

(At 8:45 p. m., the committee reconvened pursuant to the taking of recess.)

The CHAIRMAN. The committee will come to order.

Mr. Butler, will you stand up and be sworn.

Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BUTLER. I do.

TESTIMONY OF JOSEPH J. BUTLER, ATTORNEY, CHICAGO, ILL.

Mr. HALLEY. We have been looking at some loans on which I believe you handled the legal work, loans by Hugo Bennett to Paul DeLucia. Can you tell us all about it? Just start at the beginning and tell us the whole story.

First, state your full name and address for the record.

Mr. BUTLER. Joseph J. Butler, 105 West Adams, Chicago, Ill.

Mr. HALLEY. To complete the record, you are an attorney at law?

Mr. BUTLER. Attorney at law.

Mr. HALLEY. Go ahead.

Mr. BUTLER. About a year or so ago Mr. Bennett walked into my office and asked me to prepare a note. He said he wanted to lend money to a Mr. DeLucia.

Mr. HALLEY. Can you be more precise on the date?

Mr. BUTLER. No. It is a matter of record, though, because that mortgage was recorded. I recorded it myself or had it recorded by the recorder of the county in which the property was located. I wouldn't even know the month offhand. At any rate, when he first mentioned the name to me I did not associate the name with DeLucia, with the man we read about in the paper as Ricca.

The CHAIRMAN. Did he say DeLoucheea or DeLucia?

Mr. BUTLER. D-e-L-u-c-i-a. I don't know exactly how to pronounce it. He told me the amount of money he wanted to lend to DeLucia, whatever his name is, and wanted me to prepare a note. I advised him that he should have security for the note and therefore he should have a trust deed, a mortgage on the property to secure the note.

The CHAIRMAN. Was that your idea or his, the mortgage?

Mr. BUTLER. It was mine, I believe, and he agreed with me immediately and said that was what he had in mind when he mentioned the note.

He asked me how long it would take. I told him approximately a week. I said that Mr. DeLucia would have to come in with his wife. She was also in title. Oh, no, I first said I would have to check the title. I remember now. And see if he had a good title and have the abstract brought up to date, to see if the security was good, which is the usual thing in mortgages, naturally. I did so. I examined the abstract myself. He had no guaranty policy because I don't

believe there is a guaranty policy company in that county. I advised Mr. Bennett the security then was good, that there were no liens against that property. A week later I had Mr. DeLucia come in my office to sign the instrument. As a matter of passing here, my stenographer recognized him and wouldn't notarize him. We had to take the instrument out some place else to have it notarized. Then after I recorded the instrument I so notified Mr. Bennett, and he brought a check into my office in the sum of \$40,000, and Mr. DeLucia picked that check up, I imagine the next day or 2 days after I received the check from Mr. Bennett.

Mr. HALLEY. There were two transactions, were there not?

Mr. BUTLER. Yes, that was the first transaction.

Mr. HALLEY. A check for \$40,000.

Mr. BUTLER. That is right.

Mr. HALLEY. Drawn by whom to whom?

Mr. BUTLER. I don't even remember who was on the check. I presume it was Mr. Bennett who signed the check. It was made out to Paul DeLucia.

Mr. HALLEY. And delivered in your office?

Mr. BUTLER. Left in my office. Mr. Ricca picked it up a few days after I informed Mr. Bennett that the mortgage was of record and that Mr. DeLucia had a good title to the property securing that loan. That is one transaction.

The CHAIRMAN. Was that one check, are you sure, for \$40,000?

Mr. BUTLER. I am not sure. Naturally I didn't deposit it. It wasn't made out to me.

The CHAIRMAN. I know. Was it in one check or two checks?

Mr. BUTLER. I don't recall. I should, because I am not used to handling \$40,000 deals.

Mr. HALLEY. But you delivered the money against the mortgage?

Mr. BUTLER. Right. Then evidently there was going to be another loan because—

The CHAIRMAN. Before you get to the other loan, let's finish up about this one. Was this first loan secured by a mortgage on the farm?

Mr. BUTLER. No, it was secured by a piece of property in Long Beach, Ind. As a matter of fact, I was going up there on vacation, and I went and looked the property over first so I could advise Mr. Bennett whether in my opinion I thought it was worth \$40,000.

The CHAIRMAN. Did he want you to advise him whether it was worth \$40,000 or not? Did he ask you?

Mr. BUTLER. I mentioned I was going up and he said he thought it would be a good idea because he wanted to be sure that his \$40,000 could be gotten back in case there was a foreclosure or some such thing.

The CHAIRMAN. Did you make an abstract of title?

Mr. BUTLER. I did. In LaPorte County, Ind., I ordered the abstract company to do so.

The CHAIRMAN. Was there an abstract of title made by an abstract company?

Mr. BUTLER. By LaPorte County Abstract Co.

The CHAIRMAN. Where did the abstract or the report come to? Did it come to you?

Mr. BUTLER. Yes; it did.

The CHAIRMAN. What did you do with it?

Mr. BUTLER. I read it over and gave an opinion to Mr. Bennett that Mr. DeLucia had a good title based on that abstract.

The CHAIRMAN. Did you write him a letter?

Mr. BUTLER. No; and I don't think I gave him a written opinion, either. You see, there was a relationship there between Bennett and I. I knew him when he was a kid. That is why he came into my office, I believe, to give me the business.

The CHAIRMAN. Had you ever represented him before?

Mr. BUTLER. No.

The CHAIRMAN. Did he call or did you hear he was coming or did he just come in cold?

Mr. BUTLER. I don't really remember. I presume he called and said I will be in at a certain time because he might not have caught me in the office otherwise.

The CHAIRMAN. Have you seen him frequently since you were kids together?

Mr. BUTLER. I hadn't seen him from the time I was approximately 21 or so until about 5 years ago. I didn't know he was connected with the race track at the time. I did hear he was an auditor, but I didn't know——

The CHAIRMAN. But you hadn't had any contact with him over a period of how many years? When you were 21, and then you saw him 5 years ago. How old are you now?

Mr. BUTLER. It was more than 5 years ago. I saw him before I was married. I would say I got in contact with him again, or vice versa, approximately 1942 or 1943, perhaps.

The CHAIRMAN. There was a span of about how many years when you didn't see him or have any contact with him?

Mr. BUTLER. I might have bumped into him out in the West Side where I lived in the neighborhood. He lived out there and courted a young lady out there whom I had courted prior to the time he married her. I bumped into him in front of Power's Restaurant or someplace maybe once or twice a year and talked.

The CHAIRMAN. How long have you been a member of the bar?

Mr. BUTLER. 1932.

The CHAIRMAN. Back to the abstract of title, you got what company to make the abstract?

Mr. BUTLER. I believe it was the LaPorte Title Co. I believe it is the only one there which makes abstract of title for those vacation resorts and Long Beach property. I could be wrong.

The CHAIRMAN. Do they guarantee the title or do they just make an abstract?

Mr. BUTLER. They just make an abstract. To my knowledge, there is no guaranty company there.

The CHAIRMAN. Did you pay them or did he pay them?

Mr. BUTLER. I believe I was billed by the company, and when I settled on a fee with Mr. Bennett I added that amount of the abstract bill, which I believe was approximately \$20, to my fee, making a total of \$225—\$200 and \$25 expense.

I presume I also charged him to record that mortgage, because I mailed the mortgage down for recording and was billed for that also. That was about \$5 more.

The CHAIRMAN. All right, Mr. Halley.

Mr. HALLEY. Going along on that first mortgage, had you been seeing Mr. Bennett frequently upon your resumption of friendship?

Mr. BUTLER. Quite frequently. Yes. He is a good friend of mine.

Mr. HALLEY. Do you have other business together?

Mr. BUTLER. No. That is the only business, I believe, that I ever did for Mr. Bennett.

Mr. HALLEY. You never represented him in any other matter?

Mr. BUTLER. I did. I had another mortgage.

Mr. HALLEY. Prior to that.

Mr. BUTLER. No.

Mr. HALLEY. But you had seen each other socially?

Mr. BUTLER. Yes. We had been out together. I know his wife quite well. He knows my wife. We were all kids together.

Mr. HALLEY. Did you visit them in Florida?

Mr. BUTLER. No; I was only down there once. I haven't visited them in Florida.

Mr. HALLEY. You would see them when they were up here in Chicago?

Mr. BUTLER. That is right. I knew his brother, also.

Mr. HALLEY. What happened, did he call you up and say he wanted you to work out a loan or something? How did he happen to come to your office?

Mr. BUTLER. I am listed in the phone book. He probably had seen me around for several years previously. He knew I was a lawyer. When he first came in, I presumed it was an ordinary mortgage, that he was loaning a little money to a friend and wanted security for it just in case.

Mr. HALLEY. I think you made the point that you mentioned the security. Who was it who mentioned the security?

Mr. BUTLER. He mentioned a note, and then I mentioned the mortgage, and he said: "That is what I wanted—the mortgage."

Mr. HALLEY. How could you mention a mortgage unless you knew there was some real estate involved?

Mr. BUTLER. I wanted security. He wanted me to draw a note for \$40,000, and I said: "For that kind of money, even though it is a deal with a friend, as you have told me, I still say that you should have security." He agreed with me immediately and said, "There is security here." The man has some very expensive properties, and I am sure he will put them up as security. Mr. Bennett wanted protection in his loan. Of that I am convinced.

Mr. HALLEY. Did he state the reason for the loan?

Mr. BUTLER. I didn't ask.

Mr. HALLEY. Did you inspect any of the other properties besides the House?

Mr. BUTLER. No.

The CHAIRMAN. Right at this point, when you first talked with him about security, was it determined what security he was going to have, whether it would be a farm or a house. He said he wanted to get some security after you suggested it. Then he said he was quite sure that Mr. Ricca would be willing to put up some security. Then, was there a further meeting about what security was going to be put up?

Mr. BUTLER. No; there wasn't. I take credit, naturally, for suggesting security. I believe it was in his mind when he came to my office.

The CHAIRMAN. Did he have a description of the property he was going to get security on?

Mr. BUTLER. He asked me what I needed, and then he went out and came back a day or so later with the old abstract brought up to approximately 3 or 4 years prior to that transaction.

Mr. HALLEY. But, at this first conversation before he came back, did you review the various securities that might be offered and then decide on this house?

Mr. BUTLER. No. He had seen the house and had told me he was satisfied that that was plenty of security. He asked me when—I told him, by chance, I was going up there the following week end, invited to a party at Long Beach, and he said to take a look at it and see if you agree with me as to its value.

Mr. HALLEY. Did he by any chance mention that there were other properties that could also be security or was this thing fixed in his mind?

Mr. BUTLER. That was sufficient. He did not mention any other. I did not know at the time that Mr. DeLucia had this farm in Kendall County. I did not even know that existed at the time.

Mr. HALLEY. Then you say he came back a few days later with an abstract, and you hired this title company?

Mr. BUTLER. Yes. I delivered them personally to the title company while I was away on that 1-day holiday.

Mr. HALLEY. Do you have in your files the abstract?

Mr. BUTLER. No; I have not. I surrendered that abstract to—I believe I gave that back to Mr. Bennett. I believe he was going to give it back to Mr. Ricca. I am not sure of that. It is out of my hands after one of the two of them got that abstract.

Mr. HALLEY. One of the two. Is it possible that Mr. Ricca got it directly?

Mr. BUTLER. It is possible.

Mr. HALLEY. Had you ever met Mr. Ricca before?

Mr. BUTLER. I never saw him before in my life.

Mr. HALLEY. When did you first see Mr. Ricca?

Mr. BUTLER. When he walked into my office at my request. I asked Mr. Bennett to get hold of him to come in and sign the mortgage. As a matter of fact, the first day he came in I didn't have the mortgage ready. Something else had come up and I was busy. I asked then if he could come back in a couple of days, and he did. He came in with his wife. They then signed the mortgage.

Mr. HALLEY. Did they sign a note also?

Mr. BUTLER. Oh, yes.

Mr. HALLEY. The note called for interest to be paid; is that right?

Mr. BUTLER. I don't remember now. I didn't make a copy of the note.

Mr. HALLEY. Wasn't it for 4½ percent?

Mr. BUTLER. I am quite sure there must have been interest.

Mr. HALLEY. Wasn't there some provision that the interest just didn't have to be paid? There seems to be no definite date. Was there any discussion of that?

Mr. BUTLER. None whatsoever. If I remember correctly, there was interest supposed to be paid and added on to the principal at the end of the term or else a yearly payment, I don't know.

Mr. HALLEY. Do we have the mortgage? Is this the first mortgage?

Mr. BUTLER. I almost lost my job because of this mortgage.

The CHAIRMAN. Why?

Mr. BUTLER. The other partner in my office didn't like my name to be associated with Ricca's, and the Chicago Tribune happened to check the property in Long Beach, and he didn't like it. He is a corporation lawyer representing banks and things and didn't think I should be associated with these people. He didn't mean Bennett, now. He meant what is known as a public enemy.

There is interest here. If they fail to pay the principal or the interest.

Mr. HALLEY. Here is the note, which may refresh your recollection.

Mr. BUTLER. It is the real note, too; isn't it? This is not a copy. This is the real note.

Mr. HALLEY. I hope so.

Mr. BUTLER. Four and a half percent per annum.

Mr. HALLEY. You will note that the provisions for payment were crossed out.

Mr. BUTLER. "Payable annually" is crossed out.

Mr. HALLEY. That is right. So, there is no definite statement as to when the interest is to be paid; is that right?

Mr. BUTLER. This note is secured by a mortgage to Joseph J. Butler, trustee, of even date, and is to bear interest at the rate of $4\frac{1}{2}$ percent per annum after maturity. It is $4\frac{1}{2}$ percent per annum, but no date as to when the interest is paid; that is correct. I don't remember why it was stricken out. I must have had a reason.

Mr. HALLEY. The note is a 5-year note; is that correct?

Mr. BUTLER. I believe so.

Mr. HALLEY. Did you discuss with your client at all the usual matter of amortization of a mortgage, of receiving interest payments quarterly or annually?

Mr. BUTLER. I did.

Mr. HALLEY. What was that discussion?

Mr. BUTLER. I don't remember offhand. It was a general conversation. I know I must have questioned him about the amount of the interest. I could be wrong, but it seems to me he made the statement he was going to collect the principal and the interest altogether at the end of the 5-year period. He did think, though—I believe at the time he did say he would be willing to receive full payment any time prior to that if the mortgagor saw fit.

Mr. HALLEY. Now, turning to the actual delivery of the mortgage, you say they came in one day and the mortgage wasn't ready.

Mr. BUTLER. That is right.

Mr. HALLEY. Did they come back the next day?

Mr. BUTLER. I believe I asked them at the time to give me a few more days. He came in, I think, 2 days later.

Mr. HALLEY. Two days later.

Mr. BUTLER. At which time I had it prepared. You see this is not a simple Illinois form. We had no forms around. Believe it or not, it is hard to get a form like that. The store in our building which orders them, I believe, was out of them at the time.

Mr. HALLEY. Why didn't you use the simple form?

Mr. BUTLER. That is the simple form of an Indiana mortgage; isn't it?

Mr. HALLEY. Yes; it is printed in Fort Wayne. When they came back 2 days later, you had Paul and Nancy DeLucia sign this?

Mr. BUTLER. Right.

Mr. HALLEY. You had to take them downstairs to get it acknowledged by another notary?

Mr. BUTLER. No; I did not. My girl had heard and was quite excited about a man of that prominence coming into the office. I don't have very many criminal cases. Our girl told me she didn't care to acknowledge it. I remember I was quite put out about it, but she didn't care to; so I didn't force the issue. So I told Mr. DeLucia he would have to take it to some notary he knew and have him acknowledge it. I didn't want to ask a strange girl to acknowledge something that my own girl wouldn't acknowledge.

Mr. HALLEY. Did he come back the same day with the mortgage acknowledged?

Mr. BUTLER. I don't think so. I think he came back the following day.

Mr. HALLEY. At this time did you have the check for \$40,000 in your pocket, on your desk?

Mr. BUTLER. I should remember the answer to that, with that much money involved. I know I never deposited it or put it away. I figured it was safe there.

Mr. HALLEY. When he came back the second day he gave you the mortgage?

Mr. BUTLER. Yes.

Mr. HALLEY. Do you recall handing him a check? Just what happened? Did he come into your office with Mrs. DeLucia this time or alone?

Mr. BUTLER. I believe he was with Mrs. DeLucia because it seems to stick in my memory that I went to hand it to her and I said, "No, I had better not"; and I turned and handed it to him. As a matter of fact, I might have handed it to her, but I am sure they were together.

Mr. HALLEY. The check was drawn to the order of both of them?

Mr. BUTLER. That I don't know.

Mr. HALLEY. The mortgage—you are an attorney and probably a careful attorney from the way you have been talking.

Mr. BUTLER. I did not draw that check myself, of course. It was just brought in to me. I think in that case—I don't know why, but I have the idea that it was to one of them. Even though I am a careful lawyer, I believe in that case I probably would have O. K.'d it. They would both endorse it, maybe.

Mr. HALLEY. You are not sure who it was payable to?

Mr. BUTLER. If I may take a guess I will say to both.

Mr. HALLEY. But you are not sure?

Mr. BUTLER. But I am not quite sure. If I were a betting man, I would say "yes."

Mr. HALLEY. It was a check made——

Mr. BUTLER. May I see the note, please? Maybe I can refresh my memory. I am almost sure. I would have to see it. I am almost sure it was made out to both of them.

Mr. HALLEY. Do you in your ordinary practice of the law find you have a good memory for the details of transactions? I don't want to put you on the spot. I am just trying to find out.

Mr. BUTLER. I understand. Some stand out in my mind and others don't. My mind isn't particularly good.

Mr. HALLEY. Does this one stand out?

Mr. BUTLER. Most of the details. I was quite excited.

Mr. HALLEY. It was a large amount of money for you to handle.

Mr. BUTLER. You don't have Ricca walking into our office every day, either. The elevator boy was even looking at him. I am a civil practitioner. I don't think I ever saw another criminal before.

Mr. HALLEY. May I presume that handing over a check for \$40,000, you wanted to be sure, darned sure, that you were not going to have it stolen from you?

Mr. BUTLER. I was very sure. I made a trip to Long Beach to get the abstract made out. I did it personally. I was quite satisfied that my client's wants were satisfied; so were his needs as far as security.

Mr. HALLEY. Then you handed this check over and you got the mortgage and the note.

Mr. BUTLER. That is right. I believe that mortgage is recorded. I am sure it is recorded.

Mr. HALLEY. It has been recorded. Was the note signed in your presence?

Mr. BUTLER. Yes. I am quite sure it was. I want to retract that. Was it signed in my presence or not? Yes, I am quite sure it was because otherwise I would have the note signed the same time as the mortgage and I would not, of course, have asked my stenographer to notarize it unless I was sure it was their signature.

Mr. HALLEY. The note was signed the day before they came back with the acknowledgment. Let's check the date so that we can help you out. The date of the notarization is the same date as the date on the note itself, and on the mortgage. In other words, the acknowledgment and the note and the mortgage are all dated June 22, 1948.

Mr. BUTLER. I don't believe they brought them back the same day, I believe they were brought back by him and his wife the following day.

Mr. HALLEY. He might have gone out and had it acknowledged that day, you just don't know.

Mr. BUTLER. I don't know. I don't know who acknowledged it, as a matter of fact. I probably did at the time.

Mr. HALLEY. Do you recall at what point you gave the abstract to either DeLucia or Bennett?

Mr. BUTLER. To Mr. Bennett, after the entire transaction was closed.

Mr. HALLEY. Who paid your fee?

Mr. BUTLER. I believe Bennett paid my fee. I presume he collected it from Ricca, because I presume I advised him to do so.

Mr. HALLEY. Who paid for the abstract?

Mr. BUTLER. I paid originally, as I do with all clients. They bill me. It was my credit that got it. I paid and then I billed Bennett for it. I am sure he paid me the abstract fee. My regular fee, and \$4 or \$5 for recording.

Pardon me. I advised him to collect that from this Paul DeLucia.

Mr. HALLEY. Ordinarily, at your closing, don't you have a closing form and deduct from the proceeds of a loan the expenses? Isn't that the usual practice of closing a mortgage loan?

Mr. BUTLER. That is the way they do it at a building and loan, I presume, or at a bank, not a private loan. We draw up quite a few mortgage loans, particularly where one relative is going to finance it for a brother, and we did it for the full amount and then we charge the man who comes into our office. We don't particularly care whether he charges the brother who borrowed the money or not.

Mr. HALLEY. What is the general nature of your practice?

Mr. BUTLER. Real estate, mostly. I worked in the recorder's office of this county. That is where I first saw our attorney general, for about 5 or 6 years. I wanted to get grounded well in it. Then I went out to private practice, and most of my business is real estate, some probate, a few corporations. It is not the best business in the world, but it is a good business. It feeds five children.

Mr. HALLEY. After 1948, when this mortgage was closed, did you continue to see Bennett frequently?

Mr. BUTLER. Yes; not too frequently. His wife didn't come to town too often, so I couldn't get out too often with my wife home. I did see him fairly frequently, not during the winters, because he lives in Florida in the wintertime.

Mr. HALLEY. Can you state whatever facts led up to the second loan?

Mr. BUTLER. Yes. Mr. Bennett called and told me he wanted to—or did I see him? I believe he called me and told me he wanted to lend another \$40,000 to the same gentleman. I suppose I should have turned that down because my partners don't like it, but I didn't. I had the first one. This time the property was in the State of Illinois. This time the Chicago Title & Trust Co. could act as trustee under a trust deed. Instead of using my own name as trustee, I used the Chicago Title & Trust's name as trustee, the same amount on a piece of property in Kendall County. Submitted to me was a guaranty policy showing that the farm already had a mortgage on it for some terrific amount of money. I don't know how much offhand. I believe the Prudential Life Insurance Co. had around \$60,000 or \$70,000 on it. I said, "You realize this is a second mortgage. The first takes precedence over the second in the case of default." He said, "Yes, I so realize, but I am convinced the property is worth so much that it could stand a much bigger mortgage than the first." I told him he was the one to be convinced, so I was almost a scrivener.

I drew the mortgage for him.

Mr. HALLEY. Who suggested the interest rate on the second mortgage?

Mr. BUTLER. I asked him what rate he wanted. I am sure I did. I wouldn't do that myself.

Mr. HALLEY. Do you remember what it was?

Mr. BUTLER. No, I don't, offhand.

Mr. HALLEY. Do you remember whether it was greater or less than the first one?

Mr. BUTLER. I might have suggested a greater one because it was a second mortgage, not a first.

Mr. HALLEY. Ordinarily second mortgages command fairly high interest rates, do they not?

Mr. BUTLER. I would say so, unless the person lending the person is convinced there is plenty of security despite the first mortgage. It might still be a good loan.

Mr. HALLEY. Of course, but the open market second mortgages do command higher interest rates, don't they?

Mr. BUTLER. Yes. As a matter of fact I have a two-flat myself. I doubt if I could get a second mortgage on it. They are hard to get. So they would command a higher interest rate.

Mr. HALLEY. Did you handle any law business for Bennett between the first and the second mortgages?

Mr. BUTLER. I doubt it. I don't think so.

Mr. HALLEY. No law business whatsoever?

Mr. BUTLER. Not to my knowledge.

Mr. HALLEY. He came in and said he had another loan on another piece of property. Did you go out and look at the farm?

Mr. BUTLER. No. He already was convinced of its value. I think he was going to give the loan anyhow, but in the case of the first loan I was going up to Long Beach in the first instance and happened to mention it. I suppose you are sick of hearing the word coincidence, but that is exactly what it was. I told him I would stop in and look at the property. I was very much amazed at the beauty of that piece of property at Long Beach.

Mr. HALLEY. It looked like pretty expensive property, is that right?

Mr. BUTLER. Yes. I couldn't afford the garage myself.

Mr. HALLEY. Do you think Mr. Bennett could?

Mr. BUTLER. I am going to answer that. I suppose any man who has \$80,000 to lend could.

Mr. HALLEY. Did you wonder where he got the \$80,000, as a lawyer with an inquisitive mind?

Mr. BUTLER. I don't think you want me to answer that, do you?

Mr. HALLEY. Please.

The CHAIRMAN. Did you discuss the matter with him, where he got the \$80,000?

Mr. BUTLER. No. I might have been curious, that a man I knew, a younger man, had succeeded so well. I might have been curious at that, but I would not ever ask him where he got his money any more than I would ask an attorney in my office how much he had or where he got it.

Mr. HALLEY. There was nothing in his manner of living in Chicago to indicate great wealth, was there?

Mr. BUTLER. No; not as a young man, but later I heard, as a matter of fact he told me, he has a fine home in Florida. I think he has a summer home somewhere, if I am not mistaken. I am not divulging any confidences here. They are all a matter of record. I thought he was doing well.

Mr. HALLEY. But in Chicago he lived in an apartment of his mother-in-law's, is that right?

Mr. BUTLER. Yes; I heard that, too. I don't doubt, though, that he could go out and buy a home, only for the convenience of living in his mother-in-law's house, because he wasn't in Chicago often enough.

Mr. HALLEY. You never visited the apartment?

Mr. BUTLER. Years ago I was over there. I believe it is over on west end, right around there on the West Side.

Mr. HALLEY. Is it a very elaborate apartment?

Mr. BUTLER. I wasn't in. I was just as far as the porch.

Mr. HALLEY. Had you been out with him to night clubs or restaurants?

Mr. BUTLER. Years ago we used to go out quite a bit.

Mr. HALLEY. I mean since your reunion in 1942.

Mr. BUTLER. Yes; I have seen him in a night club since then.

Mr. HALLEY. Had you gone out together?

Mr. BUTLER. Yes; we have had lunch together, a drink together, maybe. We didn't pal around together like we used to in our early days. No; we did not. Neither one of us could get out that much any more.

Mr. HALLEY. In any event, he came in for this second mortgage and you had the title checked by the Chicago Title and Trust, did you?

Mr. BUTLER. Right.

Mr. HALLEY. They issued an insurance policy?

Mr. BUTLER. They issued a clear title.

Mr. HALLEY. But not a policy?

Mr. BUTLER. A guaranty policy. I believe it was a guaranty policy.

Mr. HALLEY. Who has that policy?

Mr. BUTLER. I believe I gave it back to Bennett.

Mr. HALLEY. That was in June of this year?

Mr. BUTLER. This year. It was this year.

Mr. HALLEY. May or June?

Mr. BUTLER. In the summer some time, in the early summer of this year.

Mr. HALLEY. It is dated May 17, 1950. You say you did get a title policy from the Chicago Title & Trust Co.?

Mr. BUTLER. Yes; I am quite sure I did. Wait a while, just 1 minute. Excuse me, sir. Did I or didn't I? I can check to find out by reviewing my Chicago Title & Trust Co. bill to see whether I did or not. As a matter of fact, after that first mortgage and the Tribune put my name in the paper and I was called in the office for drawing that mortgage, the less I knew about them after that, about Ricca and his mortgages, the better off I was. I didn't inquire too deeply into any of it. I just drew the mortgages. I don't want any part of it.

Mr. HALLEY. Why did you bother with the second one at all?

Mr. BUTLER. I knew Hugo Bennett. He is a friend of mine. He knows my wife by her first name. I know his. He knows some of my children.

Mr. HALLEY. Did you ever ask him what he was doing lending money to Ricca?

Mr. BUTLER. No, I did not. After that first mortgage and my name was in the paper, I wouldn't ask him. I wanted no part of it.

Mr. HALLEY. Even when you met him socially for lunch?

Mr. BUTLER. Absolutely not.

Mr. HALLEY. There was never any discussion of it?

Mr. BUTLER. No.

Mr. HALLEY. But when he came in with the second mortgage—

Mr. BUTLER. I said, "O. K., I will draw it. The fee will be \$200, and you will pay the costs and let it go at that."

Mr. HALLEY. You don't recall at this point whether you had the title insured?

Mr. BUTLER. No. I think I did, but I can't recall. I can find out for you of course by checking with the Chicago Title & Trust Co.

Mr. HALLEY. Do you know whether you had it checked at all, whether you had it cleared or abstracted?

Mr. BUTLER. No. I wouldn't get an abstract here in Chicago from Title and Trust. You get a letter of opinion.

The CHAIRMAN. I don't understand this. Ricca and his wife have not signed this. Where is the piece of paper.

Mr. BUTLER. That is a trust from the bank.

Mr. HALLEY. Technically the Oak Park Bank made the loan, is that right?

Mr. BUTLER. That is right.

Mr. HALLEY. We will get to that. Do you recall whether the title was guaranteed or not?

Mr. BUTLER. Just one second. It is possible that it wasn't. I seem to remember some conversation and he was so well satisfied he said go ahead. It is good security. He told me it was.

Mr. HALLEY. Was it a matter of saving the small amount of money it would have cost to get a title policy?

Mr. BUTLER. No, it wasn't. I think it was just a matter of not bothering for it.

Mr. HALLEY. Didn't you as a lawyer?

Mr. BUTLER. Of course as a lawyer I wanted a guaranty policy, but I didn't pursue it. He knew what he was doing. I had gone through all those questions of guaranty titles before with him on the first loan. Without question, he pointed that out and he said, "I am sure it is O. K. because it is in the name of that bank. There are no judgments against the bank as trustee of that particular trust. Nothing could have happened to it.

Mr. HALLEY. As an attorney, did you write him a letter advising him to have a policy and making it clear on the record that it was his decision, and not yours?

Mr. BUTLER. No. I trusted him if it was ever necessary and it came up, that he would admit and say that he was advised that the usual thing was a guaranty policy. I am coming to the conclusion now that there wasn't any guaranty policy brought up, but I believe there was brought up to a fairly recent time in the name of that bank, and he was convinced that there was nothing since against the title. As a matter of fact, I might have checked the records and the tract book but he was convinced there wouldn't be anything else against the title. The title was no longer in Paul DeLucia's name, but in the name of the bank.

Mr. HALLEY. You as a lawyer would know that if there was a defect in the title it wouldn't matter whose name it was in.

Mr. BUTLER. If I had a good note and the good mortgage I could still foreclose without a guaranty policy.

Mr. HALLEY. You can't foreclose if the title is bad and somebody else comes along and takes the property away.

Mr. BUTLER. Very true. The first mortgage has a right to go ahead first. There is no question about that. But if he has a good note with security that he is convinced is good——

Mr. HALLEY. As a lawyer, you would have to tell him whether he was getting security or not. I mean the house may look good, but if a fellow doesn't know it he must have some security.

Mr. BUTLER. There is no presumption about it. I know at the time I told him exactly how that title was. I know I told him at the time exactly what he was getting for his money. I have been practicing

too long not to get a guaranty policy if I was told to, and I know I have been practicing too long to know that I should tell him to get one.

Mr. HALLEY. You mean you know that you should tell your client to get a guaranty policy?

Mr. BUTLER. There is no question about it.

Mr. HALLEY. And you are sure you told him that?

Mr. BUTLER. I am positive I told him that.

Mr. HALLEY. You know also that a guaranty policy on a second mortgage, which means really just bringing an old search up to date, is a relatively inexpensive guaranty policy; is that not right?

Mr. BUTLER. Yes; but I do believe that the 10-day or 2-week period which is necessary to bring that policy up to date was to be avoided.

Mr. HALLEY. He was in a hurry?

Mr. BUTLER. I believe he was going back to Florida, if I am not mistaken. He was going somewhere to meet his wife at a summer place. He wanted to give a check. I don't believe I saw the second check.

Mr. HALLEY. I think we can refresh your recollection. I rather doubt if you did. Before I lose the point, I don't think you are quite sure what company made the abstract of title in the case of the Indiana property.

Mr. BUTLER. No; but it was quite close to the property itself. It was some small town up there. I just walked in and had the title made.

Mr. HALLEY. Do you have a file in your office with correspondence?

Mr. BUTLER. As a matter of fact, I wanted to get rid of that. I gave the whole thing back. I didn't like it around.

Mr. HALLEY. That just can't be so.

Mr. BUTLER. I know it ordinarily isn't so, but I am not ordinarily used to having Ricca walk into my office, either.

Mr. HALLEY. If you were so anxious to get rid of it, I just can't understand why you took the second job.

Mr. BUTLER. I know Bennett. I wouldn't turn him down. I know his brother, I know his wife.

Mr. HALLEY. But in that case why get the file out of your office? It just doesn't make sense.

Mr. BUTLER. What does the file consist of? It consists of the bill. He is going to pay it. I already had received it. I gave him the bill. He wants the receipt for his money.

Mr. HALLEY. I won't argue ethics with you, but tell me this: In the case of the first mortgage did you insist on the DeLucia's coming in with an insurance policy and proof of tax bills paid?

Mr. BUTLER. In the case of the first mortgage Bennett had left the whole thing up to me. I insisted at the time that this abstract be brought up to date and all claims off there. I wanted a clear title for him, as I would for any other client.

Mr. HALLEY. Of course.

Mr. BUTLER. That is the way it was the first time. There were no taxes due. There was nothing due, I believe, the first time. I believe there were some liens against the property. I think there were Government liens. I am quite sure there were, and I believe they were satisfied because I must have demanded some satisfaction. I am sure they were satisfied. The abstract so showed, showed that he had a clear title to the piece of property at Long Beach.

Mr. HALLEY. What precautions did you take about insurance; fire insurance?

Mr. BUTLER. I don't remember offhand.

Mr. HALLEY. You have no closing sheet in your office showing what was done?

Mr. BUTLER. I do not believe that Mr. Bennett wanted me to go that far on this loan.

Mr. HALLEY. On the first loan?

Mr. BUTLER. On the first loan.

Mr. HALLEY. What do you mean that he didn't want you to go that far?

Mr. BUTLER. I will put it this way: I don't know whether or not he wanted to make that loan for friendship's sake or to make money out of it and get his 4½ percent interest.

We have a lot of those loans that come in the office where one man will lend a brother or a friend some money and just draw up a note.

Mr. HALLEY. You got an impression that this was a friendship loan?

Mr. BUTLER. Yes; I am quite sure it was a friendship loan, too, as well as still wanting some security. I am quite sure that Bennett himself wanted some security, too, because it was a lot of money.

Mr. HALLEY. But you first suggested it?

Mr. BUTLER. Yes. The first thing he told me was that he wanted to lend the money. Then when I suggested it, he said, "Yes, that is what I want."

Mr. HALLEY. Going along with the second loan, you drew up the trust deed and the note and put the bank in, what is it? The Chicago Title & Trust Co., as trustee on the trust deed. Is that right?

Mr. BUTLER. I suggested that.

Mr. HALLEY. You found that the Oak Park National Bank as trustee owned the property; is that right?

Mr. BUTLER. Right.

Mr. HALLEY. Did you go out to the Oak Park Bank and talk to them about it?

Mr. BUTLER. No. I called them on the phone.

Mr. HALLEY. Did you tell them that you were going to lend money to an individual?

Mr. BUTLER. I told them that the owner of the beneficial interest wanted to lend money, wanted to borrow money.

Mr. HALLEY. Did you know who the beneficiaries were on that trust?

Mr. BUTLER. Yes, I did.

Mr. HALLEY. Did you ever see the trust?

Mr. BUTLER. I believe I was shown a copy. I must have been naturally interested and I called the bank to verify who the beneficiaries were.

Mr. HALLEY. Weren't there certain minors who were beneficiaries?

Mr. BUTLER. Not to my independent knowledge. The bank demanded an order of the beneficiaries to the bank as trustee ordering the bank to execute this loan; that is, to execute the mortgage, the note?

Mr. HALLEY. Where is that document?

Mr. BUTLER. It is in the possession of the bank.

Mr. HALLEY. Of the Oak Park Bank?

Mr. BUTLER. Yes. That is their authority, in other words, to sign this mortgage which they merely held as trustee.

Mr. HALLEY. You just called them up and found out what documents they wanted; is that right?

Mr. BUTLER. That is right. They wanted the usual order from the beneficiaries.

Mr. HALLEY. Did you get that drawn up, the authorization?

Mr. BUTLER. I believe they mailed me the form that particular bank uses and I must have mailed it to Ricca because it was sent in to the bank.

Mr. HALLEY. Didn't DeLucia have some children who were beneficiaries, as well as himself and wife?

Mr. BUTLER. Not to my knowledge. I don't know. If there were beneficiaries other than he and his wife, under the terms of the trust agreement evidently it was not necessary that they sign, because the bank did not require it.

Mr. HALLEY. Do you have a copy of the trust agreement in your file?

Mr. BUTLER. I did not.

Mr. HALLEY. You say you saw it.

Mr. BUTLER. I definitely had to. I had to find out how the bank would go about conveying this to me, what orders.

Mr. HALLEY. Who showed it to you? Where did you see it?

Mr. BUTLER. Mr. Bennett gave me all those papers. I did not see Ricca or DeLucia in that deal to my knowledge.

Mr. HALLEY. You never did see him at all on the second deal?

Mr. BUTLER. I don't think so, not to my knowledge; no. I am not sure. No; I am sure I didn't.

Mr. HALLEY. In fact, the loan was to the Oak Park Bank; it wasn't to Ricca at all.

Mr. BUTLER. Oh, no, the bank made the loan. The bank merely acted as trustee for the beneficiaries and signed the mortgage for the purpose of the beneficiaries.

Mr. HALLEY. I will show you an installment note and ask you if that refreshes your recollection.

Mr. BUTLER. That is right.

Mr. HALLEY. The bank made the loan, in fact, did it not? Isn't the bank the borrower, the Oak Park Bank as trustee?

Mr. BUTLER. Oh, no, no. The borrower is the one who got the notes, who got the check. All the bank was was trustee. They did not borrow.

Mr. HALLEY. The note says the Oak Park Bank promises to pay some money. Doesn't that make the Oak Park Bank the borrower?

Mr. BUTLER. I see your point.

Mr. HALLEY. Is that by any chance something you wanted in order to keep the DeLucias out of your records? I am just now guessing to try to see why the loan was handled that way.

Mr. BUTLER. That never entered my mind.

Let me get this straight. This bank was the owner as trustee. The beneficiaries wanted to borrow the money.

Mr. HALLEY. It was a sort of fishy deal, wasn't it?

Mr. BUTLER. No; it wasn't. Absolutely not. Absolutely not, unless I got it mixed up. It won't be my first mistake, probably.

Mr. HALLEY. We all make some. I would like to get this straightened up.

Mr. BUTLER. "The Oak Park National Bank as trustee under the provisions of a deed of trust hereby promises * * *." They signed this. What is your point now?

Mr. HALLEY. What happened? Who were you lending the money to?

Mr. BUTLER. I believe the money was going to Ricca.

Mr. HALLEY. Ricca was going to get the use of it.

Mr. BUTLER. He was going to get the money; I am quite sure of that.

Mr. HALLEY. There is no doubt it was going to him. Everybody has so said. But actually the loan was made to the bank, the Oak Park Bank; isn't that so?

Mr. BUTLER. Yes. They were trustees, that is right. In other words, they acted as if they owned the property, because they were trustees.

Mr. HALLEY. The bank signed the note for the \$40,000, and the bank signed the mortgage.

Mr. BUTLER. Right.

Mr. HALLEY. Did you deliver a check to the bank, the Oak Park Bank?

Mr. BUTLER. I don't believe I ever saw a check in that case.

Mr. HALLEY. What were you told by Bennett?

Mr. BUTLER. I was told by Bennett to draw these papers as security for him, and he would give the money to the borrower, the actual borrower, that is the beneficiary, DeLucia. I am quite sure that must have been it. I don't believe I saw the second check. I don't believe I saw it or did I see it and mail it out to DeLucia? If I got it I got rid of it right away and didn't leave it lie around this time.

Mr. HALLEY. You couldn't possibly as a lawyer have handled that check without wanting it endorsed to the Oak Park Bank after getting the note and the mortgage from the Oak Park Bank. You would want it to show in your record that you handled that phase of it.

Mr. BUTLER. I don't remember who the check was made out to.

Mr. HALLEY. Were you present when the thing was signed by the Oak Park Bank?

Mr. BUTLER. I was not.

Mr. HALLEY. Who got it signed?

Mr. BUTLER. I mailed those papers out to the Oak Park Bank and they signed it.

Mr. HALLEY. Did they mail them back to you or was that the last you saw of it?

Mr. BUTLER. They mailed it back to me. I brought it over to the Chicago Title & Trust Co. They identified it with their particular number. They also checked to identify the note. They are trustees now on this mortgage. We rely quite a bit on Chicago Title & Trust here—maybe too much. However, they did so check it. Then at my order they mailed it down to Kendall County for recording, and then without question it went right back to the Chicago Title & Trust Co., who mailed me the instruments.

Mr. HALLEY. Did you then mail them to Bennett?

Mr. BUTLER. Yes; I did.

Mr. HALLEY. On the second deal did you check the insurance policies?

Mr. BUTLER. No; I did not.

Mr. HALLEY. Did you check to see whether the taxes at least were paid?

Mr. BUTLER. I did not.

Mr. HALLEY. And of course you got no title guaranty policy.

Mr. BUTLER. I had one in my hand, but I think it was a year or so old.

Mr. HALLEY. You got none for the purpose of this mortgage?

Mr. BUTLER. I do not believe I did.

Mr. HALLEY. You would hardly expect a bank, even the Oak Park Bank, to sign a trust deed and note without getting a check in its hand when it signed the note? Would that be right?

Mr. BUTLER. Not necessarily the trust. I am not associated with that bank in any shape or form and have never had any other business with them in my life, but I believe that bank has a right under the usual trust agreement, upon proper order of the beneficiaries, to draw such papers and to sign them and do as the beneficiary so says.

Mr. HALLEY. Assuming that to be right, wouldn't the bank in any event as the technical signer of the note want to be the technical receiver of the check, the proceeds, and then turn them over to someone else?

Mr. BUTLER. I don't believe so.

Mr. HALLEY. How would they complete their records?

Mr. BUTLER. They didn't.

Mr. HALLEY. Did you check to see if they did?

Mr. BUTLER. No; I did not. My work was done and I presumed they thought that it was done when they O. K.'d this and had it recorded.

Mr. HALLEY. But you don't know it?

Mr. BUTLER. I don't know. I am not connected with that bank.

Mr. HALLEY. You don't even know if \$40,000 was paid to any one.

Mr. BUTLER. If I didn't receive the check to mail to Ricca or DeLucia, then I don't know.

Mr. HALLEY. Did you receive the check?

Mr. BUTLER. I doubt it.

Mr. HALLEY. So far as you know, it might all have been a sham transaction. You don't know of any check. Isn't that right?

Mr. BUTLER. Just a minute. Did I or did I not receive a check for DeLucia? I don't believe I received a check for him. If he was willing to sign a mortgage for my client and put a note outstanding in my client's name without getting the money, it is not my fault as the attorney for Bennett. Ricca should have an attorney of his own in there checking to see if he was protected. I am only protecting any client, not Ricca.

Mr. HALLEY. So you just don't know what happened to the check on the second transaction at all.

Mr. BUTLER. I don't know.

Mr. HALLEY. You don't know to whom it was payable.

Mr. BUTLER. I doubt that I even saw it.

Mr. HALLEY. You doubt if you even saw it?

Mr. BUTLER. I could be wrong, but I doubt it.

Mr. HALLEY. On one other point, are you doubtful or sure, and that is this: Did you or did you not see DeLucia or Mrs. DeLucia in connection with the second mortgage, this year?

Mr. BUTLER. I do not believe I saw them on the second mortgage.

Mr. HALLEY. So there would be no doubt that the time you handed over a check for \$40,000 was in 1948 in connection with the first mortgage?

Mr. BUTLER. Right.

Mr. HALLEY. If you will look at the note on the second mortgage, you will see that the interest is $3\frac{1}{2}$ percent.

Mr. BUTLER. Yes.

Mr. HALLEY. Isn't that an absurd interest rate for a second mortgage?

Mr. BUTLER. I thought it was low myself at the time, but I do remember that Mr. Bennett described in great detail what a rich and expensive farm this man had. He said I had never seen anything like it. He was well convinced, even more so than the first case, of the security for his money here.

Mr. HALLEY. As a lawyer who just handles even a routine, cut-and-dried transaction, didn't you say to your client, why does this man want to borrow \$40,000? He has at least one home that we know about, and a very lush farm.

Mr. BUTLER. I did not even think of asking Mr. Bennett that question. I could have advised him in the first place not to get a second mortgage.

Mr. HALLEY. Did you?

Mr. BUTLER. No; I did not.

Mr. HALLEY. Why not?

Mr. BUTLER. I figured there was a lot here that I didn't know about and it was none of my business. My job was just to act as scrivener and draw up a good mortgage.

Mr. HALLEY. When you say that is a lot you didn't know about, what do you mean?

Mr. BUTLER. The first time I drew a mortgage I pointed out a lot of things. He said, "That is not important. I have known this man and my father knew his family prior to my birth and they came over from the old country." As if he were determined to lend the money. You know what you can do with a client. You can point out certain things to him and if he doesn't want to follow those things, you are stymied. You still go ahead and draw the papers. Then after that first case, lo and behold the Tribune mentioned that this man DeLucia had put a mortgage on his property and made out to a trustee named Joseph J. Butler. Even my wife screamed at me for being connected with such people. So I got a little fed up. The next time I told him, "Here is what is what: what do you want to do about it?" He said, "Just draw a mortgage. That is enough security. I am sure the man is all right."

Mr. HALLEY. Was there no discussion of the interest rate?

Mr. BUTLER. I asked him what he wanted. He said $3\frac{1}{2}$ percent. I said okay.

Mr. HALLEY. Was there any discussion of the terms of payment?

Mr. BUTLER. I wanted him to get as much as he could get personally. I would have wanted 6 at least.

Mr. HALLEY. On such a mortgage.

Mr. BUTLER. If I had \$40,000 to give: yes.

Mr. HALLEY. The transaction impressed you at the time as being at least unusual?

Mr. BUTLER. It was unusual in this sense, that Bennett seemed to think that Ricca was absolutely trustworthy as far as paying back the loan was concerned. As I get the picture, and I am sure I am divulging no confidences, and I am talking as freely as I can here, everything I know, as a matter of fact, it seems to me that he thought more of Ricca than the general public did. However, he still wanted his security.

Mr. HALLEY. He wanted a loan on record, on mortgage record; is that right?

Mr. BUTLER. Right. He wanted security for his money.

The CHAIRMAN. Any further questions?

Mr. HALLEY. Yes.

When did you last discuss this matter with Bennett?

Mr. BUTLER. May I look at this?

Mr. HALLEY. Yes.

Mr. BUTLER. Probably in May. No; we discussed it one day. What was that again? I believe your committee came to town and we discussed a few words. He asked me if I would be embarrassed if I was called in here and I said yes, I would be. He said he was sorry he got me into this thing, but just go ahead and tell any truth you want to. It is perfectly all right. Not for one second did he try to dissuade me from saying one single thing to you.

Mr. HALLEY. Did he get in touch with you on that occasion?

Mr. BUTLER. No. I went out to the Sportsman's Park race track with my wife and several other people. We had a big party out there. He works there, and I bumped into him out there.

Mr. HALLEY. Did you go up to the office to see him?

Mr. BUTLER. I did. I went to get a pass for a friend of mine, who waited outside the gate so he won't have to pay his way in.

Mr. HALLEY. Had you spoken to him on the telephone prior to that about coming out to the park?

Mr. BUTLER. I doubt it. I don't think so.

Mr. HALLEY. Did he give you a pass every year?

Mr. BUTLER. He has mailed me one for the last 2 years.

Mr. HALLEY. He mailed you a pass this year?

Mr. BUTLER. I think you can pick those up at any drug store. They are all over.

Mr. HALLEY. But the meeting with him was not prearranged in any way?

Mr. BUTLER. No.

Mr. HALLEY. He raised this point of the committee; is that right?

Mr. BUTLER. I might have raised it. I might have read about it. There was something in the paper about Johnston, whom I have never met, being investigated in Florida. I just asked him in passing the time. Then he asked about this business here.

Mr. HALLEY. Did you in any way associate these loans with Johnston?

Mr. BUTLER. Oh, no. I don't know Johnston from a bale of hay. I wouldn't know him if he walked in.

Mr. HALLEY. Do you know whether or not Bennett had borrowed the money or any part of the money with which to make these loans?

Mr. BUTLER. No; I have no knowledge of that whatsoever.

Mr. HALLEY. Did he ever tell you that he borrowed a substantial part of the money from Johnston?

Mr. BUTLER. He never mentioned his name.

Mr. HALLEY. With which to make these loans.

Mr. BUTLER. He never mentioned his name.

Mr. HALLEY. Do you know Johnston?

Mr. BUTLER. I think he was pointed out to me once. I never met him.

Mr. HALLEY. You never met him?

Mr. BUTLER. No. I don't think I would know him if he walked in.

Mr. HALLEY. I have no other questions.

The CHAIRMAN. You didn't say, "Bennett, where in the world did you get the money to make this sort of loan?"

Do you discuss matters with him that way?

Mr. BUTLER. No. The only time I ever discussed anything with him was with my wife. I told her about Bennett coming in. I was a little bit envious, that was all.

The CHAIRMAN. Did you say, "Bennett, why are you making loans to an unsavory character like Ricca?"

Mr. BUTLER. As a matter of fact, the first minute I was in there I didn't recognize that name DeLucia.

The CHAIRMAN. When did you first recognize it?

Mr. BUTLER. He told me about 2 minutes after I was there, and I almost fainted. I never met the man before that.

The CHAIRMAN. Didn't you ask Mr. Bennett, your client, about it then after you recognized him, and say, "How come you are having business with a fellow like this?"

Mr. BUTLER. Oh, no. When Bennett was first in the office and mentioned DeLucia, for the first minute I didn't know who he was talking about. After that he said, "You might have read about him in the paper, the man they call Paul Ricca." Then it hit me who they are.

The CHAIRMAN. Then didn't you ask him "Why are you doing business with that fellow?"

Mr. BUTLER. No. I did not. I didn't think it was any of my business. He is a good friend of mine but he is not an intimate companion. He is no pal.

The CHAIRMAN. Any further questions?

Mr. ROBINSON. I have one question.

In connection with the first loan you say the amount that passed in your office was \$40,000? I think that is what you said.

Mr. BUTLER. I know I had one check, I believe the first time I had a check. It seems to me there were three payments, one of 10, one of 10, and one of 20, but I only passed over the last one. I believe those first two payments were made while the loan was in process.

The CHAIRMAN. Anyway, you only gave him one check?

Mr. BUTLER. To my knowledge, yes. I believe it was for \$20,000. I did query with, "Where is the other \$20,000?" and I believe he told me there were other checks that passed. He evidently trusted that man Ricca a lot more than the average citizen would.

The CHAIRMAN. If these other checks had been passed prior to that time, Mr. Bennett didn't even have a note when they were passed, did he, because the note was just signed the day before you delivered the check, apparently.

Mr. BUTLER. Yes.

Mr. HALLEY. Why would the \$20,000 be made out to the Mercantile National Bank instead of DeLucia?

Mr. BUTLER. You've got me here. Just one second.

Pay to the order of Mercantile National Bank, \$20,000.

May I ask a question to answer your question. You can come right back at me if you wish.

Mr. HALLEY. That is all right. We are just trying to get the facts.

Mr. BUTLER. I know. Wasn't there another check to DeLucia besides this for \$20,000?

Mr. HALLEY. No. There was an earlier check, you see. That is the last check. We are trying to find out what happened. You will agree that this doesn't look like an ordinary loan, won't you, no part of it, from beginning to end? Would you agree with that?

Mr. BUTLER. I will say it could be an ordinary loan.

Mr. HALLEY. Anything could be, but this doesn't have the indication of one, does it?

Mr. BUTLER. I could be wrong, but I am fairly well convinced in my own mind that this is an ordinary loan from Bennett to Ricca maybe for past favors, maybe because of obligations, but as I gathered it from him, and I did not delve into his conscience or what he was doing, for favors maybe to his father. I believe they were from the same town, Cicero or some such thing. You say it is not the ordinary loan. It is not an ordinary loan in the sense that I didn't go out and get insurance for the borrower, no. But it is ordinary in the sense that my client is protected in the sense that he has a note and he has got security for that note.

Mr. HALLEY. Doesn't it almost look as if he had reason for wanting to create a formal transaction and so he came to you and had you go through—

Mr. BUTLER. And I was the goat.

Mr. HALLEY. That is right. You went through the procedure of drawing some papers.

Mr. BUTLER. I think I know what you are getting at from reading the papers, but I don't think Bennett would do that. I think he would come out open and above board and tell me if he wanted that.

Mr. HALLEY. Let's eliminate the friendship and the loyalty. This is a very serious matter and let's try to be objective. First, your very statement that there must have been either past favors or some sense of obligation indicates that there is some factor that is lacking in the ordinary loan as it strikes you. Isn't that right?

Mr. BUTLER. The only real factor that strikes me there is why Ricca didn't go to a bank and get the money.

Mr. HALLEY. Let me give you some other real facts.

Mr. BUTLER. Not a personal loan from a friend for that amount of money.

Mr. HALLEY. It also wasn't handled from start to finish in a business-like fashion; was it?

Mr. BUTLER. The first loan definitely was.

Mr. HALLEY. Wasn't the money paid out before the note was ever drawn and the mortgage gotten?

Mr. BUTLER. Yes; but as far as I was concerned, I did my job. I protected my client. I was not worried about Ricca getting his money.

Mr. HALLEY. I am asking you whether this was an ordinary transaction. In the usual type of loan transaction, where a man comes in

and wants a mortgage for protection, he doesn't usually do it after he has paid over half the money; does he?

MR. BUTLER. That, of course, I will agree to.

MR. HALLEY. All right. Will you also agree to the fact that usually you keep the papers in your office after you have drawn a mortgage?

Do you keep the abstract and you keep the file?

MR. BUTLER. You do not; you turn them over to your client.

MR. HALLEY. You keep a closing sheet in your record.

MR. BUTLER. I have a closing sheet and turn it over to my client. As a matter of fact, 99 percent of our mortgages are through houses, and those we give to the client, too, and close out the file. He wants the closing sheet. The bank has theirs.

MR. HALLEY. Do you have carbon paper in your office?

MR. BUTLER. Yes; we have carbon paper in the office.

MR. HALLEY. Don't you keep a copy of your closing sheets?

MR. BUTLER. No; I don't. What good is it to me?

MR. HALLEY. Don't you want some record of what you have done? You are a real-estate lawyer. Years from now your transactions come back to roost. Do you mean to say you draw real-estate transactions and keep no records in your office of what you have done?

You can't tell us right now, but we want to know who gave you the abstract of title. We want to know that, and I am going to put on you the obligation of finding that company because your client Bennett doesn't have that abstract. That leaves you in a rather difficult position. There is no abstract around.

MR. BUTLER. I could call up there, I am quite sure, and get hold of that company.

MR. HALLEY. I am sure you can, but that is your responsibility.

MR. BUTLER. I will be glad to do it.

MR. HALLEY. You should have a file around showing at least a letter that accompanied the abstract.

MR. BUTLER. I possibly have something like that. I might have a letter from the company saying it will be ready in 10 days.

MR. HALLEY. That would help a lot because we certainly would like to know the company that abstracted that title.

MR. BUTLER. I should be able to think of the name of it, too. La-Porte County Abstract Co.

THE CHAIRMAN. One point here, Mr. Butler, is that this first \$10,000 check is 12 days before the deed of trust and the mortgage ever was signed. I don't know how the first \$10,000 was paid but that does look sort of strange, doesn't it?

MR. BUTLER. He did not do that on my advice.

THE CHAIRMAN. A month and 12 days.

MR. BUTLER. He did not do that on my advice, let me assure you of that. I do remember saying at the time that you sure trust this fellow. I do remember saying if I had that kind of money, I would like to help a friend but I wouldn't trust him that much. I will admit it is irregular in that regard, too.

MR. HALLEY. You remember telling the committee a little while ago that he came in determined to make the loan.

MR. BUTLER. He told me he was going to make the loan, period. Right.

Mr. HALLEY. It wasn't primarily a business transaction, it was something he had determined to do.

Mr. BUTLER. Yes; with as much security as he could get.

Mr. HALLEY. Then finally we get to the last check for \$20,000 to the Mercantile National Bank and so far we don't even know why it was made out to the Mercantile Bank instead of to the mortgagor.

Mr. BUTLER. May I see that check again? That is on a Florida bank, I see, Miami Beach, Fla. This check evidently was never cashed by Paul Ricca, was it? There is no evidence of endorsement on it. It is possible, and I think this is the situation. I think that Bennett deposited this \$20,000 to the account of the bank. Then he probably got a cashier's check and paid Ricca with a cashier's check. That is my understanding.

Mr. HALLEY. So you never delivered any check to Ricca.

Mr. BUTLER. I believe I delivered the cashier's check for \$20,000, not the other two.

Mr. HALLEY. You mean the Mercantile Bank—this is dated June 17, 1948, and it apparently cleared the Mercantile Bank that day. The mortgage is dated June 22, 1948. Did a cashier's check come up from the Mercantile Bank to your office?

Mr. BUTLER. No. I believe Mr. Bennett mailed me a check for \$20,000 to give to Mr. Ricca.

Mr. HALLEY. Was it for \$20,000 or for \$30,000?

Mr. BUTLER. I think it was for \$20,000.

Mr. HALLEY. We are missing a \$10,000 payment here.

Mr. BUTLER. I still think it was for \$20,000. Although I know that \$40,000 was the amount of the note.

Mr. HALLEY. The bank statement will show it. Let me see, for June 1948. Here it is. Here we are, June 1948. This will give it. A check for \$20,000. That is this check. You can't tell. Here you have just the \$20,000 check. There is no showing of any second \$10,000 passing at all.

Mr. BUTLER, we will have to clear that phase of it up. We can't expect you to, but do you remember what you turned over to Mr. DeLucia?

Mr. BUTLER. I believe I turned over a \$20,000 check, and I believe it was either a cashier's or a certified check. I think, though, it was a cashier's check. I gather from your refreshing my memory as we go along, I believe that \$20,000 was deposited for the purpose of getting a cashier's check.

The CHAIRMAN. Anyway, you know you turned over some check?

Mr. BUTLER. That is right.

Mr. HALLEY. Why would you have to give a cashier's check to Mr. DeLucia as contrasted to an ordinary check? What would be the point? Isn't that another unusual circumstance?

Mr. BUTLER. Unless DeLucia, whatever his name is, asked for it. I didn't know it was a cashier's check or a certified check.

Mr. HALLEY. It certainly would be unusual to ask for a cashier's check.

Mr. BUTLER. A certified check you would think would be sufficient.

Mr. HALLEY. It would be better than a cashier's check.

The CHAIRMAN. Anything else?

Mr. HALLEY. On the second mortgage certainly there were plenty of unusual aspects. That was even more unusual than the first.

Mr. BUTLER. Granted.

Mr. HALLEY. No other questions, sir. Will you give us the name of that company?

Mr. BUTLER. Yes, I will call. I am across the street and I will drop in tomorrow and give it to you.

The CHAIRMAN. Yes. Let us know. Thank you, Mr. Butler.

Mr. BUTLER. Okay.

FURTHER TESTIMONY OF HUGO BENNETT, SURFSIDE, FLA.

Mr. HALLEY. We are trying to straighten out the payments that were made on the first loan. We have here a check dated May 5 that you made out to Mr. DeLucia; is that right?

Mr. BENNETT. That is correct.

The CHAIRMAN. Let's see how you delivered the May 5 check to him. How did that get to Mr. DeLucia?

Mr. BENNETT. I gave it to either him or his wife. I don't remember which.

The CHAIRMAN. You gave it to them or mailed it to him?

Mr. BENNETT. I gave it to him.

The CHAIRMAN. You were here in Chicago at the time?

Mr. BENNETT. Yes.

The CHAIRMAN. You are sure you handed that over to him?

Mr. BENNETT. Yes. Either to him or to his wife. I don't remember which, but it was in Chicago here that I gave this check.

The CHAIRMAN. All right, Mr. Halley.

Mr. HALLEY. When did you make the second payment to him?

Mr. BENNETT. At the time that the mortgage was made out.

Mr. HALLEY. How much did you pay on that occasion?

Mr. BENNETT. That was \$30,000.

Mr. HALLEY. We have a check here for \$20,000 made out by you to the Mercantile National Bank.

Mr. BENNETT. That is right.

Mr. HALLEY. Five days before the date of the mortgage.

Mr. BENNETT. That is correct.

Mr. HALLEY. How did you handle that transaction?

Mr. BENNETT. I got a \$10,000 from Jacksonville by wire. I made a \$20,000 check, and with that \$10,000 check that I had, which I think I endorsed over to the bank to be made payable to Nancy or Paul DeLucia. I don't remember which. And there was a cashier's check for \$30,000 which I sent by mail to the best of my recollection to Chicago for the transaction to be completed on the first mortgage.

Mr. HALLEY. Did you have any reason for not putting the \$10,000 from Jacksonville through your bank account?

Mr. BENNETT. No.

Mr. HALLEY. You got a cashier's check for \$30,000?

Mr. BENNETT. I am quite sure I did. I am almost positive.

Mr. HALLEY. The \$10,000 from Jacksonville came from whom?

Mr. BENNETT. From Mr. Johnston.

Mr. HALLEY. He wired it?

Mr. BENNETT. Yes, if I remember right. I am quite sure he wired it.

Mr. HALLEY. Was there a particular hurry?

Mr. BENNETT. No. I just asked him to send it to me, and so he said all right, I will wire it to you now.

Mr. HALLEY. Did you tell him there was no need to wire it, just send me a check? Mr. DeLucia is in no hurry.

Mr. BENNETT. I don't remember what the conversation was, but I just asked him to send it to me and he wired it to me. I believe he was leaving Jacksonville or something. I don't remember the exact details of it.

Mr. HALLEY. What did you do with the cashier's check?

Mr. BENNETT. To the best of my recollection I mailed it to Joe Butler.

Mr. HALLEY. Did Butler ever give you a title abstract for the house, the summer house in Indiana?

Mr. BENNETT. I don't think so. I don't think that goes with a mortgage.

Mr. HALLEY. Did you get any papers from him besides the mortgage and the note?

Mr. BENNETT. No, just the mortgage and the note.

Mr. HALLEY. You are the auditor for two large enterprises, are you not?

Mr. BENNETT. Yes.

Mr. HALLEY. You are careful about your financial matters.

Mr. BENNETT. Yes.

Mr. HALLEY. You kept these papers relating to this note and loan together?

Mr. BENNETT. Yes, sir.

Mr. HALLEY. You have brought to this committee every paper you got from Butler?

Mr. BENNETT. Yes, to the best of my recollection. I can't find anything else.

Mr. HALLEY. Did you ask him to be sure to protect you and to handle this as a business transaction?

Mr. BENNETT. I did.

Mr. HALLEY. He has just finished testifying that you weren't too concerned about the business aspects, but were more concerned about getting the loan put through.

Mr. BENNETT. I wouldn't say that. I told him to be sure and check the collateral, the security on the mortgage and make sure that everything was in order. I also asked him to check and see if there were any Government liens on the security.

Mr. HALLEY. Did you ask him to check to see if it was insured?

Mr. BENNETT. I take that more as a matter of course on the part of the attorney himself. I may have asked him that and I may not have.

Mr. HALLEY. In the case of the second loan, who decided on the 3½ percent?

Mr. BENNETT. Both of us decided.

Mr. HALLEY. Who is both, you and Ricca?

Mr. BENNETT. I think we—I don't remember just exactly how that came about, but I remember that we decided on 3½ percent.

Mr. HALLEY. Who decided, who is "we"? Did you discuss it with Ricca?

Mr. BENNETT. Yes, I think I did.

Mr. HALLEY. Did you discuss it with your lawyer?

Mr. BENNETT. Yes, I think I did.

Mr. HALLEY. Was Ricca trying to get the lowest possible interest rate?

Mr. BENNETT. Naturally.

Mr. HALLEY. Was there actually a negotiation about the interest rate?

Mr. BENNETT. Not too much. There was discussion about it, of course.

Mr. HALLEY. You had already committed yourself to lend that money 2 years previously; is that right?

Mr. BENNETT. Practically, yes, if he couldn't get any more money. He tried to get some money in the meantime and he wasn't successful.

Mr. HALLEY. So you had agreed to give it to him, is that right?

Mr. BENNETT. Yes.

Mr. HALLEY. When you went to your lawyer didn't he point out to you that 3½ percent was very low for a second mortgage?

Mr. BENNETT. No. I don't remember whether we even discussed that matter at all.

Mr. HALLEY. Did he ever tell you he was embarrassed at having been trustee on a loan to Ricca?

Mr. BENNETT. No; I don't think he ever told me that.

Mr. HALLEY. He never mentioned anything like that?

Mr. BENNETT. I knew that his name came out in the papers.

Mr. HALLEY. Did you ever discuss that with him?

Mr. BENNETT. Yes, yes, I did.

Mr. HALLEY. Who paid his fee?

Mr. BENNETT. I paid the first fee, and Mr. DeLucia paid the second fee.

Mr. HALLEY. Did you pay it directly yourself?

Mr. BENNETT. Yes.

Mr. HALLEY. The first time?

Mr. BENNETT. Yes.

Mr. HALLEY. Did you pay for the cost of the abstract?

Mr. BENNETT. I just paid a fee. I don't know whether there was any cost of abstract.

Mr. HALLEY. Did you pay in cash or by check?

Mr. BENNETT. By check.

Mr. HALLEY. Drawn on your Mercantile Bank account?

Mr. BENNETT. That is correct.

Mr. HALLEY. I wonder if we can find that check. That would be in what month; do you think of it?

Mr. BENNETT. I don't know. I couldn't say. I think you will find a check in there made payable to Joseph Butler.

Mr. HALLEY. Mr. Amis, do you want to start looking?

You say the second time DeLucia paid it?

Mr. BENNETT. Yes.

Mr. HALLEY. Did he pay it directly or did he give it to you to pay over?

Mr. BENNETT. No; he paid it directly.

Mr. HALLEY. How do you know that?

Mr. BENNETT. Mr. Butler told me.

Mr. HALLEY. Mr. Butler told you that Mr. DeLucia paid him directly?

Mr. BENNETT. That is correct.

Mr. HALLEY. He therefore didn't charge you any money?

Mr. BENNETT. That is correct.

Mr. HALLEY. Do you know what Mr. DeLucia paid?

Mr. BENNETT. I don't know what he paid. I presume it was around \$250 or something like that. He did tell me. Mr. Butler did tell me what the fee was, but I don't remember exactly what it was. I think it was around \$250.

Mr. HALLEY. Did you ever go to Mr. Butler's office with Mr. DeLucia on either of these mortgages?

Mr. BENNETT. No; I didn't go to the office with him.

Mr. HALLEY. Who went to Butler's office on the second mortgage with you?

Mr. BENNETT. I did.

Mr. HALLEY. Did DeLucia go at all?

Mr. BENNETT. I don't think so.

Mr. HALLEY. How did Butler communicate to DeLucia the amount of the fee?

Mr. BENNETT. Oh, he sent it to his home.

Mr. HALLEY. You mean he sent the bill?

Mr. BENNETT. He sent a bill.

Mr. HALLEY. To DeLucia's home?

Mr. BENNETT. Yes.

Mr. HALLEY. Did he tell you that?

Mr. BENNETT. Yes, he did.

Mr. HALLEY. When did he tell you that?

Mr. BENNETT. Oh, he told me that sometime during the summer sometime.

Mr. HALLEY. Did you discuss the matter with him after the loan was finished?

Mr. BENNETT. What matter do you mean?

Mr. HALLEY. The mortgage, after it was all drawn up and closed out, did you ever discuss it again?

Mr. BENNETT. We might have. I don't see anything to discuss, though, after it was all finished.

Mr. HALLEY. Did you ever talk to him about this committee's investigation?

Mr. BENNETT. Yes, I talked to him. I told I thought he might be called into this investigation.

Mr. HALLEY. When and where did you tell him that?

Mr. BENNETT. Oh, I had seen him at my office several times. He comes out to the race track quite often.

Mr. HALLEY. As your guest?

Mr. BENNETT. No. He is a patron.

Mr. HALLEY. What do you mean by patron?

Mr. BENNETT. He is a regular bettor.

Mr. HALLEY. Did you ever give him a pass?

Mr. BENNETT. Yes.

Mr. HALLEY. Doesn't he come as your guest, then, on your pass?

Mr. BENNETT. Well, I wouldn't say that. There are so many passes out it is nothing unusual.

Mr. HALLEY. Have you given him a season pass to the track?

Mr. BENNETT. Yes.

Mr. HALLEY. You say he has been in your office several times?

Mr. BENNETT. Yes.

Mr. HALLEY. What discussion did you have and when?

Mr. BENNETT. Oh, nothing particularly. We have been friends for many, many years and there are a lot of things we can talk about. We have been in the same group of young people together.

Mr. HALLEY. Did Mr. Ricca communicate with you after he testified before this committee in Washington?

Mr. BENNETT. No.

Mr. HALLEY. Did he directly or indirectly convey to you the fact that he had been questioned about these loans?

Mr. BENNETT. No.

Mr. HALLEY. Did you hear about it directly or indirectly?

Mr. BENNETT. Through the newspapers.

Mr. HALLEY. Where did you see it in the newspapers?

Mr. BENNETT. The Miami newspaper.

Mr. HALLEY. What did you see in the Miami newspaper?

Mr. BENNETT. It said that Mr. Ricca was questioned about \$120,000 in loans.

Mr. HALLEY. Did you read that in Miami?

Mr. BENNETT. In Miami.

Mr. HALLEY. This summer?

Mr. BENNETT. Yes.

Mr. HALLEY. When were you in Miami?

Mr. BENNETT. I was in Miami between approximately 2 or 3 days after Labor Day; I left here and I came back about 2½ weeks later, I think it was.

Mr. HALLEY. Was it after that that you spoke to Butler or before that?

Mr. BENNETT. I spoke to him after that, too. I saw him after that.

Mr. HALLEY. Did you speak to him about these loans after that?

Mr. BENNETT. Not particularly. Our conversation——

Mr. HALLEY. Did you discuss it at all?

Mr. BENNETT. Not about the investigation; no.

Mr. HALLEY. About the fact that he might be questioned about the loans?

Mr. BENNETT. We talked about that several times. I don't remember the last time I talked to him about it, but I talked to him about that several times.

Mr. HALLEY. Let's start with the first time. When did you first talk to Mr. Butler about the possibility that he might be asked about these loans?

Mr. BENNETT. Practically all summer. I saw him on and off all summer, and this was a matter that was evidently coming up, and on several occasions I might have talked to him about it. There is nothing except just general conversation.

Mr. HALLEY. What did you say and when? Did you have several conversations?

Mr. BENNETT. Our conversation was always general. We never made any point of meeting for any such discussion or anything like that.

Mr. HALLEY. You said he would come to your office at the park.

Mr. BENNETT. My office is right at the race track.

Mr. HALLEY. That is right, at the track.

Mr. BENNETT. Yes.

Mr. HALLEY. You say he came to the track quite frequently as a bettor; is that correct?

Mr. BENNETT. Yes; that is correct.

Mr. HALLEY. How often; once a week?

Mr. BENNETT. I would say once a week.

Mr. HALLEY. Twice a week?

Mr. BENNETT. Maybe once a week or twice a week.

Mr. HALLEY. More often than that?

Mr. BENNETT. I don't think so, no.

Mr. HALLEY. On those occasions he would come to your office and say hello?

Mr. BENNETT. Yes; and say hello. That's right.

Mr. HALLEY. On how many of these occasions did you and he talk about the possibility of his being called upon to testify about these loans?

Mr. BENNETT. I don't remember.

Mr. HALLEY. Was it once at least?

Mr. BENNETT. At least once, yes.

Mr. HALLEY. Was it more than once? Can you say that?

Mr. BENNETT. I don't remember.

Mr. HALLEY. You have said a few minutes ago that it was several times. Are you trying to answer in every possible way so as to be sure that you are agreeing with him?

Mr. BENNETT. No, I don't remember any particular conversation about it, to be truthful.

Mr. HALLEY. Were there a number of conversations or one?

Let's get that settled first.

Mr. BENNETT. I might have mentioned it more than once. I don't know.

Mr. HALLEY. Did you mention it more than once?

Mr. BENNETT. I don't know. I don't remember.

Mr. HALLEY. You have said you read about it in the Florida paper in September, is that right?

Mr. BENNETT. Yes.

Mr. HALLEY. You came back here. That must be only a week or two ago.

Mr. BENNETT. Yes.

Mr. HALLEY. Did you talk to him about it then?

Mr. BENNETT. I don't think so. It was casually mentioned. I remember talking about this Drury thing and things like that in general, but I didn't talk to him specifically about coming in on this investigation or anything. In fact, there were doubts in my mind whether he would be called for anything.

Mr. HALLEY. Is the track open now?

Mr. BENNETT. No.

Mr. HALLEY. When did it close?

Mr. BENNETT. It closed September 1.

Mr. HALLEY. Where did you speak to him after you returned from Florida?

Mr. BENNETT. At my office.

Mr. HALLEY. At the track?

Mr. BENNETT. Yes.

Mr. HALLEY. Did he make a special trip out to the track to see you?

Mr. BENNETT. I don't know whether it was a special trip or not.

Mr. HALLEY. There was no race going on.

Mr. BENNETT. That is correct, but there is racing going on next door at Hawthorne, and he is a frequent patron of race tracks.

Mr. HALLEY. Whether or not he came from Hawthorne or Chicago to see you, he certainly wasn't at your track to see races there; is that right.

Mr. BENNETT. That is right.

Mr. HALLEY. How often did you see him since September 10, 1950?

Mr. BENNETT. Once or twice, since September 10. Once or twice.

Mr. HALLEY. Since you came back from Florida how often have you seen him?

Mr. BENNETT. Once or twice.

Mr. HALLEY. Was it once or twice? It is just this last month. Take your time and think.

Mr. BENNETT. I think it was two occasions.

Mr. HALLEY. Twice?

Mr. BENNETT. Twice, yes.

Mr. HALLEY. Both at your office?

Mr. BENNETT. Yes.

Mr. HALLEY. He dropped in to see you?

Mr. BENNETT. Yes.

Mr. HALLEY. On both occasions did you talk about the coming investigation?

Mr. BENNETT. No, not particularly; no.

Mr. HALLEY. Did you talk it on one occasion?

Mr. BENNETT. The conversation was so general I really don't remember what we talked about.

Mr. HALLEY. You will simply have to stop being evasive. I am going to keep on asking these questions until I get definite answers. This occurred only in the last 2 or 3 weeks, and I am going to insist on definite answers. Why don't you just tell the committee what happened? He came to your office twice since you returned from Florida.

Mr. BENNETT. To the best of my recollection, yes.

Mr. HALLEY. What is the best date you can place for the first time he came to your office?

Mr. BENNETT. It was over 2 weeks ago.

Mr. HALLEY. Did he phone first?

Mr. BENNETT. I don't remember whether he did or not.

Mr. HALLEY. How did he know you were back from Florida?

Mr. BENNETT. I was only gone a short time to Florida.

Mr. HALLEY. Did he phone to find out if you were back?

Mr. BENNETT. He might have.

Mr. HALLEY. Did he?

Mr. BENNETT. He might have. My secretary might have taken the call. I don't know.

Mr. HALLEY. Did you talk to him on the telephone before the first visit?

Mr. BENNETT. I don't recall talking to him. I talked to him once. I don't remember whether my secretary or myself talked to him on the phone.

Mr. HALLEY. That was before the first visit?

Mr. BENNETT. I don't know whether it was the first or the second visit.

Mr. HALLEY. What was this phone conversation that either your secretary or you had?

Mr. BENNETT. No special conversation.

Mr. HALLEY. Was it to make an appointment to see you?

Mr. BENNETT. I don't recall exactly what it was. He just came out to see me and I talked to him about these things.

Mr. HALLEY. Just what was said? Just start at the beginning and give the conversation between you and him the first time he came out to the track to see you about 2 weeks ago.

Mr. BENNETT. It was just general conversation about things that were going on and this investigation by the committee and so forth. There was nothing—

Mr. HALLEY. That is not an answer. Will you state to the best of your ability what the conversation was?

Mr. BENNETT. Well, I told him if he was called in on this thing, just to tell the truth, things like that. That is all, and I hoped he wouldn't be—that I was sorry if he would be embarrassed by this thing. That is about the gist of the conversation.

Mr. HALLEY. Before you came back from Florida you had been advised that the committee wanted to serve a subpoena on you, is that right?

Mr. BENNETT. No.

Mr. HALLEY. Hadn't your secretary been told that the committee was going to serve a subpoena on you?

Mr. BENNETT. Before I came back from Florida? Before I left for Florida?

Mr. HALLEY. No, before you came back.

Mr. BENNETT. Yes.

Mr. HALLEY. So when you returned to your office about 2 or 2½ weeks ago you knew that you were going to be called as a witness?

Mr. BENNETT. Oh, yes; when I returned, yes.

Mr. HALLEY. Does that help refresh your recollection on the conversation you had with your lawyer when he came out to the track to see you?

Mr. BENNETT. It was just general conversation, I remember, about this thing and I told him I was sorry if I embarrassed him, getting him into this thing.

Mr. HALLEY. He didn't come all the way out there to hear that. Did he ask you what happened and what the background of the loan was?

Mr. BENNETT. He knows all that. I told him about the background of the loan long ago. We talked about that, too, yes, now that I recall.

Mr. HALLEY. Did he ask you—what did you say?

Mr. BENNETT. I told him what it was, the same thing I said before, that Mr. DeLucia needed this money for these improvements and I was making him this loan. That is all there is to that.

Mr. HALLEY. How did you get into saying that to him? Was he asking you some questions? Let's get away from this general conversation business. You are just wasting your time and the committee's and making a very bad impression.

Mr. BENNETT. I don't know what you mean. I don't know what you are driving at.

The CHAIRMAN. Mr. Bennett, when he came in what did he say and what did you say? Apparently he came out there to see you on something important. The track wasn't running. You were there. He came out there to see you. What did he say and what did you say?

Mr. BENNETT. It wasn't particularly important. I guess he was just——

The CHAIRMAN. Whether it was important or not, just tell us what it was.

Mr. BENNETT. Well, it was about these—we talked about these loans and things. We just rehashed the thing, that is all, just what went on, whatever I told him before. We just went through the same thing over again.

Mr. HALLEY. Just what was said? Please don't summarize it. Give the conversation that happened 2 weeks ago, how did you rehash it, in what way, what was said first, what was said second. Do the best you can. He walked in the door. What happened?

Mr. BENNETT. I guess we greeted each other. I just told him there was nothing for him to worry about as far as the investigation goes, and just to tell the truth about everything.

Mr. HALLEY. You have just finished telling the committee there was some talk about the nature of the loans and the background and that you rehashed the thing. How did you rehash it?

Mr. BENNETT. There was no rehashing to be done, because I explained to Mr. Butler in the very beginning what the loan was about.

Mr. HALLEY. But you just said a few minutes ago that you did rehash. Now you said there was no rehashing to be done.

Mr. BENNETT. He might have asked me what position are you in on these things? Have you anything to fear? And I said "No." I told him all I had to do was to tell the truth of the matter and that is all there is to it. Then we talked about other things. We got into conversation about other things.

Mr. HALLEY. What other conversation did you have?

Mr. BENNETT. Well, we talked about Drury, we talked about different things that had been going on during the day.

Mr. HALLEY. What other conversation did you have?

Mr. BENNETT. I don't remember anything else.

Mr. HALLEY. Then you say there was another visit?

Mr. BENNETT. I think he was out again, but I think he was on his way to the race track or something.

Mr. HALLEY. Did you talk about this investigation on the second occasion?

Mr. BENNETT. I don't remember. We might have.

Mr. HALLEY. Did you?

Mr. BENNETT. I don't remember. We might have.

Mr. HALLEY. How long after the first visit was the second one?

Mr. BENNETT. One or two days apart, I believe.

Mr. HALLEY. This is only about 2 weeks ago that you saw him. Did you talk about this investigation on the second visit?

Mr. BENNETT. We might have. I probably did.

Mr. HALLEY. Did you go over the mortgage and the note?

Mr. BENNETT. No.

Mr. HALLEY. Where did you have these papers?

Mr. BENNETT. I had them in a safety-deposit box.

Mr. HALLEY. Where?

Mr. BENNETT. In Cicero.

Mr. HALLEY. When did you get them out of the box?

Mr. BENNETT. A couple of days ago; 2 or 3 days ago.

Mr. HALLEY. You did not get them out for any discussion with Mr. Butler?

Mr. BENNETT. No, I didn't have them out then.

Mr. ROBINSON. What records did you have in the safety deposit box in Cicero?

Mr. BENNETT. I had these.

Mr. ROBINSON. Mortgages?

Mr. BENNETT. Yes.

Mr. ROBINSON. I understood you had those in Florida.

Mr. BENNETT. Well, I asked my wife about them and she said they were in a deposit box in Cicero.

The CHAIRMAN. Anything else, Mr. Halley?

Mr. HALLEY. Mr. Robinson has some questions.

The CHAIRMAN. Let's get on.

Mr. ROBINSON. In answer to a question that the chairman addressed to you a while ago as to whom you consulted in connection with these loans I believe you mentioned the only person you consulted was your wife.

Mr. BENNETT. That is correct.

Mr. ROBINSON. What was your wife's attitude about your making loans of these sizes?

Mr. BENNETT. She more or less leaves all business transactions up to me. She said, "If you think it is all right, I think it is all right."

Mr. ROBINSON. Did you think it was all right?

Mr. BENNETT. Yes, I thought it was all right.

Mr. ROBINSON. Did you really want to make the loans?

Mr. BENNETT. Yes, to help the man out, I did.

Mr. ROBINSON. Did you really want to make the loans?

Mr. BENNETT. To help the man out. I wouldn't want to make them unless I was helping someone out.

Mr. ROBINSON. Do you have a clubhouse near your offices at Sportsman's Park?

Mr. BENNETT. The clubhouse and the offices are in the same building.

Mr. ROBINSON. Who is permitted in the clubhouse?

Mr. BENNETT. Anyone. It is public.

Mr. ROBINSON. Do you have a sort of separate clubhouse where friends of the owners of the track come, a bar?

Mr. BENNETT. It is not what I would call private. It is not open to everyone, but it is rather public, I would say. It is semipublic. Anyone can have access to it.

Mr. ROBINSON. Does everyone have access to it?

Mr. BENNETT. No, not everyone goes there. No, it wouldn't hold everyone.

Mr. ROBINSON. To whom is it restricted?

Mr. BENNETT. It is people that are known to be coming out to the race for years, the racing commissioners, quite a few politicians who come in there, I would say the cream of the bettors are generally given access to those places.

Mr. ROBINSON. Who are the cream of the bettors?

Mr. BENNETT. The cream of the bettors—I mean by that the people who are known to be good bettors. I couldn't name them.

Mr. ROBINSON. You have been there 18 years, haven't you?

Mr. BENNETT. Yes.

Mr. ROBINSON. Who are some of them?

Mr. BENNETT. I could explain this a lot better if you could see the place. I don't have anything to do actually with who comes in and goes out of there, and none can come in the place without coming through the regular entrance. To get in this place——

Mr. ROBINSON. Have you ever seen Ralph Capone there?

Mr. BENNETT. Never.

Mr. ROBINSON. Have you ever seen John Patton there?

Mr. BENNETT. Never. That is, while he was there; yes. I have seen John Patton there; yes.

Mr. ROBINSON. Have you ever seen Ralph Capone at all?

Mr. BENNETT. Yes. I saw him out there.

Mr. ROBINSON. For the first time?

Mr. BENNETT. Yes: I might have seen him other times, too, but I have not seen him at the race track or any other place of business or his home or any place like that.

Mr. ROBINSON. How about Jack Guzik?

Mr. BENNETT. No.

Mr. ROBINSON. You have never seen him there at all?

Mr. BENNETT. No.

The CHAIRMAN. Have you ever seen him at all? Do you know him?

Mr. BENNETT. I don't think so, except by pictures.

Mr. ROBINSON. How about Mr. Denemark?

Mr. BENNETT. Denemark? Yes. Mr. Denemark used to race horses at the track.

Mr. ROBINSON. You used to see Mr. Bidwell there?

Mr. BENNETT. Yes, definitely.

Mr. ROBINSON. How about James Ragen?

Mr. BENNETT. I never saw him. I don't know him. I wouldn't know him if I saw him.

Mr. ROBINSON. How about Tony Accardo?

Mr. BENNETT. I wouldn't know him.

Mr. ROBINSON. You have never seen him out there?

Mr. BENNETT. No.

Mr. ROBINSON. Or Hymie Levin?

Mr. BENNETT. I wouldn't know him.

Mr. ROBINSON. Joe Lustfield?

Mr. BENNETT. Joe Lustfield, yes; I have seen him around, not often though. I haven't seen him in 2 or 3 years.

Mr. ROBINSON. Willie Bioff?

Mr. BENNETT. I wouldn't know him.

Mr. ROBINSON. George Brown?

Mr. BENNETT. I don't know him.

Mr. ROBINSON. Did you ever see Mr. DeLucia there?

Mr. BENNETT. No.

Mr. ROBINSON. Or Louis Campagna?

Mr. BENNETT. No.

Mr. ROBINSON. Or Philip D'Andrea?

Mr. BENNETT. No.

Mr. ROBINSON. You never saw any of those there?

Mr. BENNETT. No; none of those fellows have ever been in my offices.

Mr. ROBINSON. That is all.

The CHAIRMAN. Charles Fischetti?

Mr. BENNETT. No.

The CHAIRMAN. Murray Humphreys?

Mr. BENNETT. No.

The CHAIRMAN. Frank Nitti?

Mr. BENNETT. Not—no.

The CHAIRMAN. Did you know Frank Nitti?

Mr. BENNETT. Yes; I had met him.

The CHAIRMAN. Did you have any business with him?

Mr. BENNETT. No business with him.

The CHAIRMAN. Rocco DeGrazia? Did you ever see him?

Mr. BENNETT. I don't know him.

The CHAIRMAN. Rocco DeStefano? Do you know him?

Mr. BENNETT. I don't know him.

The CHAIRMAN. Do you know any of the Capone boys?

Mr. BENNETT. No.

The CHAIRMAN. I mean have you ever seen them?

Mr. BENNETT. No. Out here; yes. I saw them out there.

The CHAIRMAN. Robert McCullough; do you know him?

Mr. BENNETT. Yes.

The CHAIRMAN. What does he do?

Mr. BENNETT. He is police at the Miami Beach Kennel Club.

The CHAIRMAN. In this little restricted section how many people can sit out at Sportsman's Park?

Mr. BENNETT. I am thinking of the dining room there, the private dining room. There is also an upstairs, a place like a solarium, a glassed-in enclosure. I would say up there you can seat about 40 or 50 people.

Mr. ROBINSON. Do you know a lady by the name of Alice McCullough who used to work there?

Mr. BENNETT. Yes.

Mr. ROBINSON. And to get to this place would they have to go by her desk where she sat?

Mr. BENNETT. No.

Mr. WHITE. McCullough is a policeman at Miami?

Mr. BENNETT. Yes.

Mr. WHITE. Is that Big Bob McCullough?

Mr. BENNETT. Well, I don't know who you mean by Big Bob?

Mr. WHITE. How old is the Bob McCullough that you know?

Mr. BENNETT. I would say he is between 50 and 60.

Mr. WHITE. What track is he policeman at?

Mr. BENNETT. At the Miami Beach Kennel Club.

The CHAIRMAN. Also out at Sportsman?

Mr. BENNETT. Yes; I think he is there, too.

The CHAIRMAN. Are you Mr. Patton's personal accountant?

Mr. BENNETT. No.

The CHAIRMAN. Do you look after his work?

Mr. BENNETT. No; I don't.

The CHAIRMAN. Do you do any work for him at all?

Mr. BENNETT. No.

The CHAIRMAN. Did you ever?

Mr. BENNETT. No.

The CHAIRMAN. Isn't this stock of the Miami Beach Kennel Club, Sportsman's Park, and all of these race tracks, of a voting trust for that stock?

Mr. BENNETT. There is a voting trust only in the Miami Beach Kennel Club.

The CHAIRMAN. How does that voting trust operate?

Mr. BENNETT. As I understand it, the purpose of the voting trust—I am not a member of the voting trust myself, but as I understand the purpose of the voting trust is that if anyone dies, they will still be able to vote the same stock.

The CHAIRMAN. Still will have control of the majority of the stock?

Mr. BENNETT. I assume that is the purpose of it.

The CHAIRMAN. Mr. Bidwell had that for some time, did he not, before his death?

Mr. BENNETT. Bidwell was one of the trustees of it before he died.

The CHAIRMAN. Then W. H. and R. J. Johnston are the trustees now?

Mr. BENNETT. Yes. Do you have a list of those stockholders? It gives a list of the trustees.

The CHAIRMAN. Did you also understand that this was a sort of mob-owned stock?

Mr. BENNETT. That seems to be an outside understanding, but it definitely has never been.

The CHAIRMAN. How do you mean an outside understanding?

Mr. BENNETT. I mean people say those things.

The CHAIRMAN. Do you know whether that is true or not?

Mr. BENNETT. Well, if I am to judge by what I see and everything, it is definitely not.

Mr. HALLEY. Tell me, do you regard Mr. Ricca as a mob member?

Mr. BENNETT. Well, the newspapers do.

Mr. HALLEY. Do you?

Mr. BENNETT. Well, I don't know.

Mr. HALLEY. I am just trying to test the standard by which you say that the track is not a part of the mob.

Mr. BENNETT. In every dealing that I have had with him he has been a gentleman.

Mr. HALLEY. From what you know of him do you think he is part of the Capone mob?

Mr. BENNETT. It is hard to believe.

The CHAIRMAN. You say in all the dealings you have had with him he has been a gentleman?

Mr. BENNETT. Yes.

The CHAIRMAN. You have had these two loans. What other dealings have you had with him?

Mr. BENNETT. No other dealings.

The CHAIRMAN. That is the only dealings?

Mr. BENNETT. That is the only dealings.

The CHAIRMAN. The only thing he has done in this case is to sign his name to a piece of paper and take your money, isn't it?

Mr. BENNETT. I think I have good security for it.

The CHAIRMAN. You haven't gotten any of it back.

Mr. BENNETT. No; not yet.

The CHAIRMAN. I never did understand how you paid somebody \$10,000 here on a loan a month and a half before you made the loan. How did you do that?

Mr. BENNETT. I thought—the impression I had at first was that he needed money right away, and I gave him that check for that purpose. When he got it he said, "I don't need this. Wait until you get it all."

I said, "That is all right. You have it now. Keep it. I will have the mortgage made up when I get the rest of the money."

The CHAIRMAN. That is trusting somebody an awful long way, isn't it, with \$10,000 and no security at all?

Mr. BENNETT. Well, judging by appearances, what I saw that he had, I didn't think it was taking much of a risk.

Mr. HALLEY. Where did you get that \$10,000?

Mr. BENNETT. That was the first \$10,000 I got from Mr. Johnston.

Mr. HALLEY. You must really have had the impression there was a hurry, to run out and get that \$10,000 from Johnston.

Mr. BENNETT. I was under the impression that he needed it right away; yes.

The CHAIRMAN. What did he tell you the urgency of the thing was?

Mr. BENNETT. He didn't tell me there was any urgency. I just thought there was.

The CHAIRMAN. You wouldn't think there would be anything so urgent about putting repairs on this already beautiful farm, would you? A lot of people down in Tennessee wait 4, 5, or 6 years to build up their farm.

Mr. BENNETT. From what I understand, the farm was not in very good shape.

The CHAIRMAN. You think that is so urgent that you would have to be wiring for money and paying out \$10,000 before you even get a note signed?

Mr. BENNETT. I didn't wire for this.

The CHAIRMAN. But it was so urgent you fixed it up and sent it to him before he even signed the note.

Mr. BENNETT. I think I gave that to his wife, if I am not mistaken. I handed it to her. I just thought he was in need of these things for the farm immediately. It was the planting season.

The CHAIRMAN. Planting season in September?

Mr. BENNETT. That is just what I thought, the impression I had.

The CHAIRMAN. When you were out there you saw a lot of cattle around, didn't you, white-face steers?

Mr. BENNETT. I don't believe I had been out there yet at that time. I don't believe I had been out to the farm. I wasn't interested in the farm.

The CHAIRMAN. Mr. Bennett, I think you ought to tell us really why you made this loan before you left. It would be much better for you to tell us about it.

Mr. BENNETT. The reason was because he told me he needed the money.

The CHAIRMAN. Well, that just doesn't stand up. I hate to tell you that.

Mr. BENNETT. If I told you anything else, Senator, I would be lying.

Mr. HALLEY. Is he lying or are you?

Mr. BENNETT. I don't know. I am not lying.

Mr. HALLEY. He obviously didn't need the money. You understand that now, don't you?

Mr. BENNETT. That I don't know.

The CHAIRMAN. Obviously there wasn't anything so awfully urgent about it. You may not be a farmer boy, but you know that repairs or what not on the farm can wait a few months. You don't have to be in such a terrific hurry to get somebody \$10,000 for a farm.

Mr. BENNETT. I understand he mentioned something about buying some cattle and things like that. I don't think he had any cattle at that time.

Mr. ROBINSON. Mr. Bennett, I understood you to say you got a \$20,000 loan from Mr. Johnston.

Mr. BENNETT. That is right, I did.

Mr. ROBINSON. Now I understand you to say you got \$10,000 first and that is represented by this check.

Mr. BENNETT. That is right.

Mr. ROBINSON. Then you got another \$10,000.

Mr. BENNETT. That is right.

Mr. ROBINSON. Did you tell Mr. Johnston each time that you wanted the \$10,000 for investments?

Mr. BENNETT. I think I told him that I wanted \$20,000 when he first gave me the \$10,000. I thought that I might have been able to make it up out of my own money.

Mr. ROBINSON. Did he refuse to give you the \$20,000 the first time?

Mr. BENNETT. No, no.

Mr. ROBINSON. He just gave you 10.

Mr. BENNETT. He gave me 10 the first time; yes.

Mr. HALLEY. How were you going to make it up out of your own money?

Mr. BENNETT. I don't know.

Mr. HALLEY. Your bank balance on April 30, 1948, was \$4,469.50. How were you going to make up \$40,000 out of your own money?

Mr. BENNETT. I don't know. I said I thought I might have been able to make it up, to make up the rest.

Mr. HALLEY. Where was it going to come from?

Mr. BENNETT. Well, I have different salaries coming at different times; year dividends.

Mr. HALLEY. Your income for the whole year wasn't \$40,000.

Mr. BENNETT. I borrowed \$15,000 more.

The CHAIRMAN. Mr. Bennett, you are going to stay here in Chicago for a while? Is that your plan?

Mr. BENNETT. Yes.

The CHAIRMAN. You will remain under subpoena, but you don't need to come back until we call you, but when Mr. Robinson or anybody calls you, you understand you are to come back?

Mr. BENNETT. I will be very happy to.

The CHAIRMAN. We will look after your records here. Do you want to let him have any of them?

Mr. HALLEY. I would let him have the mortgages and the notes.

The CHAIRMAN. We will return to you the installment note, the mortgage, and the trust deed, the note signed by Mr. and Mrs. DeLucia.

Mr. HALLEY. Just one thing on this. I see a check for \$210 for the fee.

Mr. BENNETT. That is right.

Mr. HALLEY. Was that the amount of the fee?

Mr. BENNETT. No. I think the fee was \$100, and there was \$10 for some kind of recording or some kind of charge.

Mr. HALLEY. For recording the deed.

Mr. BENNETT. I think that is what it was. Anyway there was an extra \$10 for something.

Mr. HALLEY. The fee was \$200?

Mr. BENNETT. Yes.

Mr. HALLEY. Thank you.

The CHAIRMAN. We will look after the rest of your records here, Mr. Bennett. Thank you.

Mr. BENNETT. All right, sir, thank you.

The CHAIRMAN. Mr. D'Andrea, will you come around, please.

Mr. D'ANDREA. Yes, sir.

The CHAIRMAN. Will you hold up your hand. You solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. D'ANDREA. I do.

Mr. ROBINSON. State your full name, please.

TESTIMONY OF PHILIP D'ANDREA, HEMET, CALIF.

Mr. D'ANDREA. Philip D'Andrea.

Mr. ROBINSON. Where do you live, Mr. D'Andrea?

Mr. D'ANDREA. In Hemet, Calif.

Mr. ROBINSON. Mr. D'Andrea, you were subpoenaed to produce certain books and records.

Mr. D'ANDREA. Yes, sir.

Mr. ROBINSON. Do you have those records with you?

Mr. D'ANDREA. I have what I could find.

Mr. ROBINSON. Can you identify them briefly?

Mr. D'ANDREA. Yes, sir.

Mr. ROBINSON. Do you have an envelope containing any bank statements?

Mr. D'ANDREA. Yes. I have the statement of the last 2 months of my bank account. I have the stubs here for the last 2 months. And canceled checks for the last month. I have been in the habit, gentlemen, of tearing those things up since the last committee that I appeared before, at which time I had all my papers there, and they haven't been returned to me yet.

Mr. ROBINSON. What else do you have there?

Mr. D'ANDREA. I have deeds to two pieces of property that I have, and the deed to a gas station, half interest in a gas station.

Mr. ROBINSON. Mr. Chairman, since there are only a few in one package I ask that they be identified collectively as exhibit No. 34.

The CHAIRMAN. We will put them all in one package so we can keep them together.

(Exhibit No. 34 was returned to witness after study by the committee.)

Mr. ROBINSON. Mr. D'Andrea, what properties do you own?

Mr. D'ANDREA. I have a home in Palm Springs, and I have a house in Hemet.

Mr. ROBINSON. What is the value of the home in Palm Springs?

Mr. D'ANDREA. It is up for sale now for \$20,000.

Mr. ROBINSON. What did you buy it for?

Mr. D'ANDREA. I bought it for \$23,750.

Mr. ROBINSON. Did you identify your other property? You say you have a home?

Mr. D'ANDREA. In Hemet.

Mr. ROBINSON. In Hemet. What is the value of that property?

Mr. D'ANDREA. Its value today is \$10,000.

Mr. ROBINSON. What did you purchase it for?

Mr. D'ANDREA. \$3,500, and I finished it. It was partly completed when I bought it.

Mr. ROBINSON. Do you have any other real property?

Mr. D'ANDREA. I have some vacant lots in Hemet, three lots.

Mr. ROBINSON. The valuation of that property is what?

Mr. D'ANDREA. Oh, around \$4,000.

Mr. ROBINSON. Do you have any other real property?

Mr. D'ANDREA. No.

Mr. ROBINSON. Do you have any personal property?

Mr. D'ANDREA. Furniture.

Mr. ROBINSON. Stocks and bonds?

Mr. D'ANDREA. No. I have no stocks or bonds.

Mr. ROBINSON. Any other intangible property?

Mr. D'ANDREA. Furniture at home.

Mr. ROBINSON. How about your bank? Do you have any money in the bank?

Mr. D'ANDREA. There is my last statement; very little.

Mr. ROBINSON. Is that all the money that you have?

Mr. D'ANDREA. No. I have cash, about \$900, about \$960.

Mr. ROBINSON. Where is that?

Mr. D'ANDREA. I have the \$960 at my brother's home. I brought it with me here. I have \$900 over there, and I have about \$60 on my person.

Mr. ROBINSON. That is all you have?

Mr. D'ANDREA. That is all I have in this world.

Mr. ROBINSON. How much money did you have when you came out of the penitentiary?

Mr. D'ANDREA. Since I came out of the penitentiary I have sold my home that I had at Creek. I got \$35,000 for that. It is in Lincolnshire, that is the township of Creek.

Mr. ROBINSON. What State?

Mr. D'ANDREA. Illinois. I had a half interest in a gas station here and I sold that when I went to California. I took out of there what I paid for it, \$5,000. That is what I went to California with.

Mr. ROBINSON. Are you in any business at the present time?

Mr. D'ANDREA. I have a half interest in a gas station.

Mr. ROBINSON. Is that your sole source of income?

Mr. D'ANDREA. That is all.

Mr. ROBINSON. What do you make out of that?

Mr. D'ANDREA. I have been drawing an average of \$300 or \$350 a month out of it. It hasn't been quite a year that I have had it.

Mr. ROBINSON. You appeared and testified before the committee of the House that was investigating this situation.

Mr. D'ANDREA. The congressional committee, yes.

Mr. ROBINSON. Do you recall making a statement at that hearing that you had money on the outside?

Mr. D'ANDREA. Money on the outside?

Mr. ROBINSON. Yes.

The CHAIRMAN. You have the statement there. Read what he said.

Mr. ROBINSON. In answer to a question by the chairman, which was: "Didn't you have any property outside?" you said, "I had money on the outside, yes."

Mr. D'ANDREA. Yes, sure.

Mr. ROBINSON. Do you recall how much money that was?

Mr. D'ANDREA. I had to make a statement to the parole office. I don't recall offhand. I think around \$22,000 or \$24,000 at the time. But I am not sure. I made those statements for the parole office. They have everything. In my monthly statements to the parole office I have to make out anything that occurs during the month, and they have all that. I don't quite recall what the amount was at that time.

Mr. ROBINSON. Did you have a cash deposit box?

Mr. D'ANDREA. Yes.

Mr. ROBINSON. Do you have one now?

Mr. D'ANDREA. No; I haven't.

Mr. ROBINSON. How much money did you have in that box at any one time? What was the largest amount you ever had in that box?

Mr. D'ANDREA. Well, before I went away I had sold a piece of property I had in St. Joe, Mich., for \$30,000, and I had gotten a mortgage on a piece of property I had here in Chicago for \$10,000, and I believe that was the most I have ever had in the box, \$40,000.

Mr. ROBINSON. You have none of that left?

Mr. D'ANDREA. Not a bit.

Mr. ROBINSON. What business were you in before you were sent to prison?

Mr. D'ANDREA. I was in the cartage business for about 20 years.

Mr. ROBINSON. What other business were you in?

Mr. D'ANDREA. I was president of the Italo-American National Union, a fraternal insurance society.

Mr. ROBINSON. Any other business?

Mr. D'ANDREA. No.

Mr. ROBINSON. Were you ever in the gambling business?

Mr. D'ANDREA. I have never been identified with gambling in all my life.

Mr. ROBINSON. Were you ever in the liquor business?

Mr. D'ANDREA. No, sir; positively not.

Mr. ROBINSON. Did you ever receive any money whatsoever from gambling or the liquor business?

Mr. D'ANDREA. No, sir.

Mr. ROBINSON. Not at any time?

Mr. D'ANDREA. Never.

Mr. ROBINSON. Did you know Al Capone?

Mr. D'ANDREA. Very well.

Mr. ROBINSON. Were you associated in business with him?

Mr. D'ANDREA. No, sir.

Mr. ROBINSON. What was your connection with him?

MR. D'ANDREA. A friendly connection, social.

MR. ROBINSON. Purely social?

MR. D'ANDREA. For the time being; yes.

MR. ROBINSON. What do you mean by the time being?

MR. D'ANDREA. Well, while I thought it was smart to be associated, to my sorrow.

MR. ROBINSON. What was the extent of the association?

MR. D'ANDREA. I was dabbling in politics in the first ward and I needed his help at times.

MR. ROBINSON. What sort of help did he contribute to you?

MR. D'ANDREA. Help in getting votes.

MR. ROBINSON. Votes for whom?

MR. D'ANDREA. For the party, whoever was running.

MR. ROBINSON. Who were you supporting?

MR. D'ANDREA. I was a Democrat.

MR. ROBINSON. What was your other association with him?

MR. D'ANDREA. Nothing, just purely foolish association. I thought it was smart to be identified with him. That was my only association. I never made a quarter from that source. I have always been on my own. I was in the cartage business at that time. I will say that he helped me put on a few trucks. I was doing cartage work for the city at the time.

MR. ROBINSON. Did you borrow money from him?

MR. D'ANDREA. Never. I never had any financial transaction with the man whatsoever.

MR. ROBINSON. Did you travel with him?

MR. D'ANDREA. I made a trip with him once; yes.

MR. ROBINSON. When was that?

MR. D'ANDREA. I don't recall the year. It was early in the thirties. I don't exactly recall the year now.

MR. ROBINSON. Do you recall where you went?

MR. D'ANDREA. I went to Florida, and from Florida we flew to some island.

THE CHAIRMAN. Nassau? Bermuda?

MR. D'ANDREA. Nassau.

MR. ROBINSON. Where else?

MR. D'ANDREA. That is all. That is the only trip.

MR. ROBINSON. Did you ever go to New York with him?

MR. D'ANDREA. Not that I recall. No; I have never gone to New York with him.

MR. ROBINSON. Have you ever been in New York?

MR. D'ANDREA. Yes.

MR. ROBINSON. When were you in New York?

MR. D'ANDREA. The last time I was in New York was the time of my trial there.

MR. ROBINSON. Were you in New York before that?

MR. D'ANDREA. Yes; I had been in New York.

MR. ROBINSON. Do you recall the year that you were in New York?

MR. D'ANDREA. The year of the Dempsey fight there, Dempsey and Sharkey, I believe it was.

MR. ROBINSON. Did you go alone on that trip?

MR. D'ANDREA. No. I went with two other men.

MR. ROBINSON. Who were they?

Mr. D'ANDREA. A fellow by the name of William Skidmore and Al Ford.

Mr. ROBINSON. Who is William Skidmore?

Mr. D'ANDREA. He was a man in the junk business here in town. At that time he was signing bonds.

Mr. ROBINSON. What other business was he in?

Mr. D'ANDREA. According to the newspapers he was identified with gambling.

Mr. ROBINSON. Did you ever engage in any gambling business with him?

Mr. D'ANDREA. No, sir; never. I was signing bonds with him.

Mr. ROBINSON. Who would you see when you went to New York?

Mr. D'ANDREA. Nobody in particular.

Mr. ROBINSON. Can you recall anyone?

Mr. D'ANDREA. I had no friends in New York. I went to see the fight there, the Sharkey-Dempsey fight.

Mr. ROBINSON. Do you know Mr. Costello?

Mr. D'ANDREA. No.

Mr. ROBINSON. You have never met him?

Mr. D'ANDREA. Never met him in my life.

Mr. ROBINSON. Do you know Mr. Erickson?

Mr. D'ANDREA. No; I don't. I don't know Mr. Erickson or Mr. Costello.

Mr. ROBINSON. Do you know Mr. Accardo?

Mr. D'ANDREA. Accardo?

Mr. ROBINSON. Yes.

Mr. D'ANDREA. Tony Accardo in Chicago?

Mr. ROBINSON. Yes.

Mr. D'ANDREA. Yes.

Mr. ROBINSON. You are a close friend of his?

Mr. D'ANDREA. No. I have never been close to him. I know him.

Mr. ROBINSON. You mentioned that you were president of this Italian organization.

Mr. D'ANDREA. Italo-American National Union.

Mr. ROBINSON. How long were you president of that?

Mr. D'ANDREA. Over 6 years, 6½ years, I believe.

Mr. ROBINSON. What period was that?

Mr. D'ANDREA. I think it was from 1934 to 1941, part of 1941.

Mr. ROBINSON. Who succeeded you in that office?

Mr. D'ANDREA. A lawyer by the name of Lawrence Marino.

Mr. ROBINSON. Do you know a man by the name of Bulger?

Mr. D'ANDREA. Yes.

Mr. ROBINSON. Was he ever president of that organization?

Mr. D'ANDREA. Yes; he preceded me.

Mr. ROBINSON. What was the purpose of that organization?

Mr. D'ANDREA. At that time it was a mutual benefit society. There were about 2,500 members. At the death of any one member there was an assessment made of a dollar apiece and a thousand or 1,500 would be given to the family of the deceased.

Mr. ROBINSON. How many policyholders did you have?

Mr. D'ANDREA. That is the size of the organization, when I went in. During the first year I was in, the State of Illinois passed a law here, passed the insurance code. All insurance societies of that type were to operate under the legal reserve. We had to re-rate the entire member-

ship, and today it is operated on legal reserve the same as the Metropolitan or Prudential, creating a reserve with the premium that is paid. The membership increased to its peak I guess at around 6,000 during my administration.

Mr. ROBINSON. Does that organization have any relationship to the Unione Siciliano?

Mr. D'ANDREA. It is the same organization. It was called that in its origin. At that time the membership was strictly for Italians who came from Sicily, but in the last, oh, I guess 28, the barriers were lifted and Italians from all regions of Italy are admitted now. In fact, there are entire lodges of foreigners, entire lodges of central Italians and southern, and so forth. It is not a Sicilian organization any more.

Mr. ROBINSON. But it is entirely restricted to Italians?

Mr. D'ANDREA. Oh, yes. Italians and wives or husbands of Italian members.

Mr. ROBINSON. What relation does that have with the Mafia organization?

Mr. D'ANDREA. Mafia?

Mr. ROBINSON. Yes.

Mr. D'ANDREA. This is a legal reserve society. I know nothing about any Mafia in that organization.

Mr. ROBINSON. Have you heard of it?

Mr. D'ANDREA. I have often heard of it, since I was a child.

Mr. ROBINSON. Where were you born?

Mr. D'ANDREA. I was born in Buffalo, N. Y.

Mr. ROBINSON. Did your parents come from Italy?

Mr. D'ANDREA. Yes.

Mr. ROBINSON. What business was your father in?

Mr. D'ANDREA. Originally my father was a shoemaker, and when he came to Chicago he started a macaroni factory.

Mr. ROBINSON. Was he in this Italian organization that you first referred to?

Mr. D'ANDREA. Yes.

Mr. ROBINSON. What was his position in that?

Mr. D'ANDREA. Nothing, just a member, just had a thousand dollars insurance. In fact, that is what I collected when he passed away.

Mr. ROBINSON. Did you at one time run an Italian newspaper?

Mr. D'ANDREA. Yes.

Mr. ROBINSON. When did you acquire that newspaper?

Mr. D'ANDREA. Either 1940 or 1941. I don't recall. It was just before the war, just before we declared war.

Mr. ROBINSON. Was it in Chicago?

Mr. D'ANDREA. Yes.

Mr. ROBINSON. How large a circulation did it have?

Mr. D'ANDREA. I think we were registered at the post office for 20,000.

Mr. ROBINSON. Just how did you acquire it?

Mr. D'ANDREA. It was the only Italian daily in Chicago, and the owner, a gentleman by the name of Durante, was getting quite old and feeble and being connected with the society as I was, a man approached me, a man by the name of Marina, and told me about the paper getting ready to fold up. He thought it would be a good idea if a group of Italians got together and kept it alive for the sake of

the colony, and so forth. So I was instrumental in getting 8 or 10 people together, and we put up a few thousand dollars apiece and bought the paper.

The CHAIRMAN. What is the name of the paper?

Mr. D'ANDREA. D'Italia.

Mr. ROBINSON. Did the paper have any connection with the insurance organization in any way?

Mr. D'ANDREA. No.

Mr. ROBINSON. You say you first heard of the Mafia when you were quite young?

Mr. D'ANDREA. Yes.

Mr. ROBINSON. What did you hear about it?

Mr. D'ANDREA. The treacherous things they are in the habit of doing, the stories of poor men accumulating four or five thousand dollars; buying a little home and having it blown up; receiving letters and so forth. That is one of those traditions that I guess the Italian children grow up to know those things and to learn them and to hear them.

Mr. ROBINSON. Would you say that is true of almost all Italian children, that they learn and hear of those things?

Mr. D'ANDREA. Yes; I think so. It has been in the past, not so much now any more.

Mr. ROBINSON. Did that organization carry over into this country, do you know?

Mr. D'ANDREA. I really don't know. I couldn't speak with any authority on the matter because it is just hearsay, what I read.

Mr. ROBINSON. Did you ever have any suspicion that it had carried over to this country?

Mr. D'ANDREA. I couldn't tell you. I wouldn't know what I was saying if I did say one way or the other.

I know that at one time there were supposed to be little groups here and there that used to write so-called letters and what not, but I think in the last few years that has been done away with.

Mr. ROBINSON. When you were active in politics—will you explain just what your activities were in connection with politics in Chicago?

Mr. D'ANDREA. Due to the fact that I had trucks working for the city it was my duty to gather votes wherever I could. Being president of the society, I had many meetings, many organization meetings, at which I invited the candidates to speak, financed those meetings, and so forth. The usual game of politics.

Mr. ROBINSON. Would you collect contributions?

Mr. D'ANDREA. Oh, no.

Mr. ROBINSON. You didn't collect any contributions at all?

Mr. D'ANDREA. Not from the organization at all; no. That is prohibited by the State.

Mr. ROBINSON. You never solicited any contributions?

Mr. D'ANDREA. No; not from the organization.

Mr. ROBINSON. Do you know Jack Dragna?

Mr. D'ANDREA. No. I have heard of him. I know who he is now. I have met him out there.

Mr. ROBINSON. John Roselli?

Mr. D'ANDREA. Yes; I know John Roselli.

Mr. ROBINSON. What has been your contact with him?

Mr. D'ANDREA. John Roselli for the first time in my life I met in—I think it was 1941—on a trip I took to California, my first trip to California, with DeLucia. At that time I met John Roselli there.

Mr. ROBINSON. Have you ever had any business connections with him?

Mr. D'ANDREA. That is the first time I had seen him. The next time I saw him was when we were arraigned in New York.

Mr. ROBINSON. What was your relationship with him in California?

Mr. D'ANDREA. None whatsoever. That was the first time I had met him on that trip. The next time I saw him was when we were arraigned in New York.

Mr. ROBINSON. You say Mr. DeLucia made that trip with you?

Mr. D'ANDREA. Yes.

Mr. ROBINSON. How long have you known him?

Mr. D'ANDREA. About 25 years, I guess.

Mr. ROBINSON. Were you ever associated in business with him?

Mr. D'ANDREA. No, sir.

Mr. ROBINSON. Were you never associated with him in a gambling business?

Mr. D'ANDREA. No, sir. I have never been in any sort of gambling business.

Mr. ROBINSON. Were you ever arrested, Mr. D'Andrea, except for this extortion case?

Mr. D'ANDREA. Yes.

Mr. ROBINSON. You were arrested, I take it, in connection with the Al Capone hearing.

Mr. D'ANDREA. That is right.

Mr. ROBINSON. What was the nature of that arrest? What was the cause for that arrest?

Mr. D'ANDREA. As I said in the beginning here, I was foolish in thinking that it was smart to be near the man. The man asked me to go to court with him one day, knowing that I was a deputy bailiff, and I did.

Mr. ROBINSON. Were you a deputy bailiff?

Mr. D'ANDREA. I surely was.

Mr. ROBINSON. How did you become a deputy bailiff?

Mr. D'ANDREA. I had a \$10,000 bond up. That is one of my political jobs that I had. I was bailiff for about 5 years.

Mr. ROBINSON. Did you accompany him as a bailiff or as a friend?

Mr. D'ANDREA. No, as a friend. And my sentence was 5 months not for carrying a revolver, but for contempt of court. The judge had issued an order not for anybody, police or anybody else, to enter the courtroom armed. I didn't know that.

Mr. ROBINSON. Do you have any associates in St. Louis or Kansas City?

Mr. D'ANDREA. No.

Mr. ROBINSON. You have no acquaintances there?

Mr. D'ANDREA. I have no friends or relatives or associates whatsoever there.

Mr. ROBINSON. Do you know Tony Gizzo?

Mr. D'ANDREA. I met him one time here in Chicago. He was at the Lexington Hotel.

Mr. ROBINSON. When was that?

Mr. D'ANDREA. Oh, a long time ago, 1932 or 1933, something like that?

Mr. ROBINSON. You never had any connection with him after that?

Mr. D'ANDREA. I didn't know the man.

Mr. ROBINSON. What was the occasion for the meeting? Who was there when you met him?

Mr. D'ANDREA. I don't recall now. I think he came to see Al, if I am not mistaken. I don't know what the occasion was.

Mr. ROBINSON. You were there with Al Capone?

Mr. D'ANDREA. Yes; Al was there.

Mr. ROBINSON. Do you remember what was discussed?

Mr. D'ANDREA. I wasn't in the room with them when they discussed anything. He had a suite of rooms there, and I happened to be up in the suite there, the reception room. I was there introduced to Gizzo. That is all I know of him.

Mr. ROBINSON. You don't know what the purpose of the visit was?

Mr. D'ANDREA. No; I don't. I was never that close to find out what their business was.

Mr. ROBINSON. Do you know the Fischetti brothers?

Mr. D'ANDREA. Yes.

Mr. ROBINSON. When did you first meet them?

Mr. D'ANDREA. About the same time, the same time I met Paul DeLucia, that is, Charlie.

Mr. ROBINSON. Did you ever have any business with them?

Mr. D'ANDREA. None whatsoever.

Mr. ROBINSON. You say you were in New York at one time?

Mr. D'ANDREA. The Dempsey-Sharkey fight, whenever that was. I don't recall.

Mr. ROBINSON. Do you recall making a statement at the parole hearing, when you were asked "you live in New York, I believe," and you stated, "I have never been in New York."

Mr. D'ANDREA. I never said that. I have always said that I went to the Sharkey fight.

The CHAIRMAN. Read the question and answer, Mr. Robinson.

Mr. ROBINSON. The question was: "You lived in New York, I believe." The answer was: "I have never been to New York."

Would you say that is an inaccurate statement?

Mr. D'ANDREA. That is a misprint or something. I wouldn't say that because I have been there. I have stated that before the congressional committee and I believe I stated that at my trial in New York, that I was there with Skidmore and Al Ford.

Mr. ROBINSON. What business are the Fischettis in, to the best of your knowledge?

Mr. D'ANDREA. Gambling. That is the one that I know well. The other two I am not so intimate with. I didn't know them very well.

Mr. ROBINSON. That is about all I want to ask.

Mr. HALLEY. Did you know Tony Accardo?

Mr. D'ANDREA. Oh, yes. I believe I got him to join our organization.

Mr. HALLEY. You mean the Italo-American Society?

Mr. D'ANDREA. Yes, he had some insurance that I believe—I think he had some insurance there.

Mr. HALLEY. What business is Tony Accardo in?

Mr. D'ANDREA. Gambling is all I know of.

Mr. HALLEY. Did you know Nitti?

Mr. D'ANDREA. Yes.

Mr. HALLEY. What business was he in?

Mr. D'ANDREA. Oh, many businesses, I guess. I know he had a brewery. I know he had an interest in gambling.

Mr. HALLEY. Do you know Eddie O'Hare? Is it Ralph or Eddie?

Mr. D'ANDREA. Eddie O'Hare.

Mr. HALLEY. The man who was murdered at Sportsmans Park.

Mr. D'ANDREA. No. I knew who he was, but I had never met him.

Mr. HALLEY. You didn't know him?

Mr. D'ANDREA. No.

Mr. HALLEY. Do you know John Patton?

Mr. D'ANDREA. Yes; I met Patton years ago.

Mr. HALLEY. He was close to Capone?

Mr. D'ANDREA. Yes.

Mr. HALLEY. What was your relationship with Al Capone?

Mr. D'ANDREA. As I said before, it was purely silly. I thought it was smart being associated with the man.

Mr. HALLEY. When did you first meet him?

Mr. D'ANDREA. Oh, I don't know, 1928 or 1929, something like that.

Mr. HALLEY. At that time he was quite well known and quite powerful?

Mr. D'ANDREA. Yes.

Mr. HALLEY. What were you doing at that time?

Mr. D'ANDREA. I had my trucks working.

Mr. HALLEY. Working for the city?

Mr. D'ANDREA. Yes.

Mr. HALLEY. You needed his political support, didn't you?

Mr. D'ANDREA. No. I had trucks working before I met him.

Mr. HALLEY. But he was helpful in that way, wasn't he?

Mr. D'ANDREA. After I met him; yes.

Mr. HALLEY. It wasn't purely silly?

Mr. D'ANDREA. It was silly for what I have suffered; yes. There is not enough money in the world to pay up for what I have suffered.

Mr. HALLEY. But it did mean money, and it was a good business move, wasn't it, being close to Capone?

Mr. D'ANDREA. I didn't figure it that way at the time. I thought it was just smart to be identified with him.

Mr. HALLEY. How many trucks did you have?

Mr. D'ANDREA. I had about 30 at one time.

Mr. HALLEY. What was the name of your company?

Mr. D'ANDREA. United Cartage Co.

Mr. HALLEY. How many men worked for you?

Mr. D'ANDREA. When the 30 trucks worked there were at least 32 or 33 men working.

Mr. HALLEY. Did you work only for the city?

Mr. D'ANDREA. No. I was hauling material for paving and for material for houses.

Mr. HALLEY. They would be city contractors?

Mr. D'ANDREA. No; not that type of work. The city contract is for hauling garbage and ashes.

Mr. HALLEY. I see. Who were some of the other people who were closely associated with Capone during the period you knew him well?

Mr. D'ANDREA. The names that appear in the paper.

Mr. HALLEY. Well, would you state them? We are trying to get some background, and you are a man who is now out of the apathy, you can talk dispassionately. We would like to know as much as we can about as many of them as possible.

Mr. D'ANDREA. Fellows like Nitti, Accardo, Campagna, DeLucia, all those people that are mentioned in the papers. That is the truth.

Mr. HALLEY. Was Ralph Humphreys or Murray Humphreys one of them?

Mr. D'ANDREA. Yes. He was friendly with Capone.

Mr. HALLEY. What was his business?

Mr. D'ANDREA. I don't know. I had nothing to do with that proposition up there at all. Mine was strictly and purely, as I told you, that it was a smart thing to do to go up there and go out and let people think that I was close.

Mr. HALLEY. But you were there quite frequently.

Mr. D'ANDREA. I wouldn't say frequently. Once or twice a week.

Mr. HALLEY. Was Capone's headquarters at the Lexington?

Mr. D'ANDREA. Yes.

Mr. HALLEY. What sort of arrangement did he have there?

Mr. D'ANDREA. He had a whole floor of rooms there.

Mr. HALLEY. On what floor?

Mr. D'ANDREA. God, I don't remember. The third floor, I guess.

Mr. HALLEY. Did he actually live there?

Mr. D'ANDREA. Yes; to my knowledge.

Mr. HALLEY. Did his brothers live there?

Mr. D'ANDREA. No. I don't think so.

Mr. HALLEY. Did you know Ralph Capone pretty well?

Mr. D'ANDREA. Yes.

Mr. HALLEY. And Matt?

Mr. D'ANDREA. Matt was just a kid those days. I didn't know him very well.

Mr. HALLEY. John?

Mr. D'ANDREA. Yes, John was around there, more so than the young fellow. Matt I think was going to school at the time.

Mr. HALLEY. Was it Gioe who was also around there?

Mr. D'ANDREA. Who?

Mr. HALLEY. Cherry Nose Gioe.

Mr. D'ANDREA. No; I don't remember him in those early days. It is just in recent years that he was around.

Mr. HALLEY. What would you call recent years?

Mr. D'ANDREA. Oh, from 1935 on, '36, '37, something like that.

Mr. HALLEY. What was his job with Capone? Did he start off as a sort of armed escort?

Mr. D'ANDREA. I don't know.

Mr. HALLEY. You would have a fair idea.

Mr. D'ANDREA. Let's say he was a messenger boy.

Mr. HALLEY. We are not talking about ancient history. Was he a messenger boy with a gun?

Mr. D'ANDREA. I don't know.

Mr. HALLEY. What did Capone use messenger boys for? We are trying to get the picture.

Mr. D'ANDREA. I don't know, to send messages or to deliver messages to people. I don't know what their proposition was. As I say, I wasn't mixed up in it so I wouldn't know. I can imagine a lot of things.

Mr. HALLEY. I think you are trying to help, and you have to recognize that at this point it is very difficult to separate out the fiction from the truth.

Mr. D'ANDREA. Yes.

Mr. HALLEY. You are a man who lived with it.

Mr. D'ANDREA. I realize that.

Mr. HALLEY. We would like you to take your time and try to explain what these men did and how they fitted into the picture.

Mr. D'ANDREA. I am giving you the truth to the best of my knowledge in anything you ask me. I have nothing to fear or worry about.

Mr. HALLEY. I am sure of that. What did Mr. Guzik do, for instance; what was his job?

Mr. D'ANDREA. I couldn't tell you exactly what his job was, but he was one of the so-called big shots there in and out.

Mr. HALLEY. How could you, for instance, tell who were the big shots and who were the little shots?

Mr. D'ANDREA. I knew those fellows looked up to him. That is the way I knew or assumed he was a big shot.

Mr. HALLEY. Was DeLucia a big shot?

Mr. D'ANDREA. No, not to my knowledge.

Mr. HALLEY. What was his business in those days?

Mr. D'ANDREA. A restaurant. And then he was fooling around with the horses and what not.

Mr. HALLEY. He gambled?

Mr. D'ANDREA. Yes.

Mr. HALLEY. Did he handle liquor during prohibition?

Mr. D'ANDREA. I don't know.

Mr. HALLEY. Wasn't his restaurant a speakeasy during prohibition days?

Mr. D'ANDREA. No. When I first met him was at a restaurant on the West Side. I think there was a man by the name of Joe had that restaurant, the so-called Diamond Joe, of Chicago. He was working for him when I first met him.

Mr. HALLEY. Who was he working for?

Mr. D'ANDREA. DeLucia was working for Ed Fosco.

Mr. HALLEY. How long ago was that?

Mr. D'ANDREA. That was a good many years ago. I can't tell you exactly when that was. Quite a few years ago.

Mr. HALLEY. How did he rise to a position of wealth?

Mr. D'ANDREA. I don't know.

Mr. HALLEY. How well did you know Ricca?

Mr. D'ANDREA. I didn't know him too well for a long, long time. I had met him in that restaurant there. I knew he was working there. For a period of 8 or 10 years I didn't see him. Then I met him in Capone's place.

Mr. HALLEY. When did you meet him at Capone's place? Can you fix the date, roughly?

Mr. D'ANDREA. After a period of 7 or 8 years. It must have been in the early thirties, '31, '32, something like that.

Mr. HALLEY. Was he quite active at the Lexington?

Mr. D'ANDREA. No, he wasn't. In fact, he was very quiet, very quiet at that time.

Mr. HALLEY. Did you see much of him between then and say 1942?

Mr. D'ANDREA. Not until about 1937 or 1938. He bought a place out in the country, and it was on the way to my home out in the country. I used to stop there occasionally.

Mr. HALLEY. Where was it in the country?

Mr. D'ANDREA. He was in Indiana, Long Beach, Ind., and my place was at St. Joe, Mich., about 40 miles farther. On my way out occasionally I would stop there, and a lot of times stop there and play cards and one thing and another.

Mr. HALLEY. That was a very elaborate farm he had, wasn't it?

Mr. D'ANDREA. No, that was no farm.

Mr. HALLEY. I mean a very elaborate home.

Mr. D'ANDREA. He had a swimming pool there and what not. I would call that elaborate.

Mr. HALLEY. What business did you understand he had that would develop that kind of wealth?

Mr. D'ANDREA. He had a restaurant downtown here for a few years. He had the Vesuvia Restaurant.

Mr. HALLEY. Was there gambling in the restaurant?

Mr. D'ANDREA. Not to my knowledge.

Mr. HALLEY. Did he have any other business to your knowledge?

Mr. D'ANDREA. Yes, I heard that he had an interest in a theater over here on Michigan Avenue, the Play House, I believe it was.

Mr. HALLEY. What was Capone's business? How did he make his money during the thirties?

Mr. D'ANDREA. Prohibition, wasn't it?

Mr. HALLEY. After 1933 how did he make it?

Mr. D'ANDREA. I don't know.

Mr. HALLEY. You knew him.

Mr. D'ANDREA. Yes, but the fact that I would know a person, I wouldn't know what he was doing or how he made money.

Mr. HALLEY. Prior to 1932 you would say it was prohibition; is that right?

Mr. D'ANDREA. Yes, I would believe that is what it was. I am almost sure it was prohibition.

Mr. HALLEY. You became quite friendly with him starting in 1928?

Mr. D'ANDREA. Something like that. As to the exact date, I just don't recall now. It was around that time.

Mr. HALLEY. When was it he went to jail, around 1938?

Mr. D'ANDREA. Oh, no.

Mr. HALLEY. '36?

Mr. D'ANDREA. He went to jail when I had that trouble with the gun. That was in 1933.

Mr. HALLEY. That was in 1933.

Mr. D'ANDREA. Yes.

Mr. HALLEY. What happened to the Lexington headquarters after he went to jail? Were they continuing?

Mr. D'ANDREA. I was in there, too; you know, in jail. I don't know. When I came out I separated from everything and everybody.

Mr. HALLEY. What did you do when you came out? Did you continue your business?

Mr. D'ANDREA. I continued my business. The following year I think I was elected president of the society.

Mr. HALLEY. You couldn't have been separated from too many things.

Mr. D'ANDREA. Pardon?

Mr. HALLEY. You were active, then, in that field.

Mr. D'ANDREA. Oh, yes. I mean I separated from any connection going to the Lexington Hotel because once he went away I had no interest there any more.

Mr. HALLEY. Did you continue in politics?

Mr. D'ANDREA. A little, yes.

Mr. HALLEY. How did they control the political organization in Chicago prior to 1932 during the prohibition days?

Mr. D'ANDREA. What do you mean how did they control it?

Mr. HALLEY. They pretty much had their way about police and political matters, didn't they?

Mr. D'ANDREA. The politicians, you mean, had their way.

Mr. HALLEY. No, Capone.

Mr. D'ANDREA. Well, the talk was that he was able to do almost anything he wanted to do. How he did it, I don't know.

Mr. HALLEY. You spent a lot of time at the Lexington Hotel. Didn't he ever talk about it?

Mr. D'ANDREA. I wouldn't say I spent a lot of time there. The times that I was there they didn't talk business in front of me. I was not one of their partners or anything of the sort.

Mr. HALLEY. What ward committeeman did you ever see at the Lexington Hotel?

Mr. D'ANDREA. I have seen Dan Serritella. I saw Alderman Pucelli there. I saw Committeeman Pregnano there. That is all, I guess.

Mr. HALLEY. Were they men whom you would consider indebted to Capone for political or other support?

Mr. D'ANDREA. I believe they got some assistance from him, yes.

Mr. HALLEY. What kind of assistance?

Mr. D'ANDREA. Financial.

Mr. HALLEY. Did he use his people to help out on election day?

Mr. D'ANDREA. Oh, yes.

Mr. HALLEY. In the handling of the polls?

Mr. D'ANDREA. Yes.

Mr. HALLEY. Who was in charge of that type of work for Capone?

Mr. D'ANDREA. I don't really know. Anybody who would come along, I imagine. There was nobody in particular in charge of that, not to my knowledge.

Mr. HALLEY. Did you ever go to Florida?

Mr. D'ANDREA. Yes.

Mr. HALLEY. When did you spend some time in Florida?

Mr. D'ANDREA. When I went to Nassau.

Mr. HALLEY. What year?

Mr. D'ANDREA. I am a little confused now. I don't remember the year. It is in the record when I went.

Mr. HALLEY. Would that be before or after 1940?

Mr. D'ANDREA. Oh, before; much before.

Mr. HALLEY. Before 1936?

Mr. D'ANDREA. Yes.

Mr. HALLEY. Was it after you served your prison term in connection with Capone?

Mr. D'ANDREA. No; it was before that.

Mr. HALLEY. Before 1933?

Mr. D'ANDREA. Yes.

Mr. HALLEY. Where did you go, to Miami Beach?

Mr. D'ANDREA. That is right.

Mr. HALLEY. At that time did Capone have a home on Miami Beach?

Mr. D'ANDREA. Yes.

Mr. HALLEY. Did you have a home there?

Mr. D'ANDREA. No.

Mr. HALLEY. Did you rent a home?

Mr. D'ANDREA. I did one year, in 1940.

Mr. HALLEY. In 1940?

Mr. D'ANDREA. Yes.

Mr. HALLEY. At Miami Beach?

Mr. D'ANDREA. No. I don't know—it is away out on Cottage Avenue, 10 or 15 miles from where Capone had his home.

Mr. HALLEY. While you were in Miami did you visit with Fischetti?

Mr. D'ANDREA. I believe I did see them, there.

Mr. HALLEY. In 1940?

Mr. D'ANDREA. I think so. When I was there I think I saw Fischetti there.

Mr. HALLEY. You have been in the Fischetti home there?

Mr. D'ANDREA. No; I have never been in his home. I don't think he had a home there; did he? I don't recall his having a home.

Mr. HALLEY. Were you in the Accardo home there?

Mr. D'ANDREA. No. Accardo had no home there then.

Mr. HALLEY. Were you ever on Accardo's yacht in Florida?

Mr. D'ANDREA. No. Accardo had no yacht when I was there in Florida.

Mr. HALLEY. Did you know Harry Russell?

Mr. D'ANDREA. No.

Mr. HALLEY. Or Ralph Pierce?

Mr. D'ANDREA. I knew Ralph Pierce. Ralph Pierce was tried with us.

Mr. HALLEY. He was tried with you.

Mr. D'ANDREA. Yes.

Mr. HALLEY. Did he also frequent the hotel and Capone?

Mr. D'ANDREA. Yes.

Mr. HALLEY. Was he one of what you would call the Capone crowd; is that right?

Mr. D'ANDREA. Yes.

Mr. HALLEY. Russell was not?

Mr. D'ANDREA. I don't know Russell.

Mr. HALLEY. Are you familiar with the retail clerks union that had its offices in the same building that Russell's Silver Bar was?

Mr. D'ANDREA. I didn't know anything about that at all.

Mr. HALLEY. Were you ever in that building at 400 South State Street?

Mr. D'ANDREA. No.

Mr. HALLEY. You were never in the building at all?

Mr. D'ANDREA. No, sir.

Mr. HALLEY. Where did you see Pierce?

Mr. D'ANDREA. The last time I saw him was in New York.

Mr. HALLEY. At the trial?

Mr. D'ANDREA. At the trial; yes.

Mr. HALLEY. You have mentioned Gizzo from Kansas City at the Lexington Hotel. I wonder what people from other cities you might have seen at the Lexington Hotel during the days you were there. That would be between 1928 and 1933.

Mr. D'ANDREA. I can't recall anybody in particular.

Mr. HALLEY. I think you mentioned that you had never seen Frank Costello.

Mr. D'ANDREA. No.

Mr. HALLEY. Do you know Willie Moretti?

Mr. D'ANDREA. No.

Mr. HALLEY. Joe Adonis?

Mr. D'ANDREA. No. I have heard their names. I know they are all from New York, but I have never met them.

Mr. HALLEY. Vito Genovese?

Mr. D'ANDREA. No.

Mr. HALLEY. Joe Massei?

Mr. D'ANDREA. I have heard his name, too.

Mr. HALLEY. Did you ever meet him in Florida?

Mr. D'ANDREA. No, no. When I was down there I don't think he was down there.

Mr. HALLEY. He was not in Florida at that time?

Mr. D'ANDREA. I don't think so because I would have met him if he were because the fellows all usually come over to Al's home.

Mr. HALLEY. What fellows would come to Al's home?

Mr. D'ANDREA. Anybody who came to Florida.

Mr. HALLEY. By anybody you mean anybody who is in the rackets?

Mr. D'ANDREA. I presume that is what it was.

Mr. HALLEY. Were you ever in the Boulevard Hotel in Florida?

Mr. D'ANDREA. Boulevard Hotel?

Mr. HALLEY. Yes.

Mr. D'ANDREA. Not to my knowledge.

Mr. HALLEY. Or the Wafford Hotel?

Mr. D'ANDREA. Not to my knowledge.

Mr. HALLEY. Or the Sands Hotel?

Mr. D'ANDREA. Not to my knowledge.

Mr. HALLEY. What happened to the Capone gang after Capone went to jail?

Mr. D'ANDREA. I guess they all went on their own. I don't know.

Mr. HALLEY. Didn't the leadership pass on to other hands?

Mr. D'ANDREA. I don't know, because, as I told you, I just stayed away from that hotel, and I don't know what was going on there.

Mr. HALLEY. Prior to 1933 were the Fischetti boys around the Lexington Hotel?

Mr. D'ANDREA. Prior to 1933?

Mr. HALLEY. Yes.

Mr. D'ANDREA. Yes. Charlie was. As I say, the other two I didn't know very well.

Mr. HALLEY. Was he in the liquor business with Al in those days?

Mr. D'ANDREA. I believe he was.

Mr. HALLEY. I guess everybody was in the business who hung around.

Mr. D'ANDREA. Otherwise they wouldn't be there.

Mr. HALLEY. Did you use your trucks for it?

Mr. D'ANDREA. Oh, God, no.

Mr. HALLEY. You weren't in it at all?

Mr. D'ANDREA. Mine were all dump trucks. You couldn't use them for that type of work.

Mr. HALLEY. I see. You say Fischetti's business since then became gambling; is that right?

Mr. D'ANDREA. According to the talk you hear around town, the newspapers.

Mr. HALLEY. Well, at least up to, say, 1941, you would have access to fairly well-informed talk, wouldn't you?

Mr. D'ANDREA. Yes. He was interested in gambling. There is no question about it. I don't think that can be denied.

Mr. HALLEY. Did Accardo hang around the Lexington Hotel in the liquor business before 1933? Was he also in the liquor business?

Mr. D'ANDREA. I don't think he was around there in those days, before 1933. I don't remember him.

Mr. HALLEY. You don't remember Tony Accardo?

Mr. D'ANDREA. Not then, I mean, before 1933, being around the Lexington Hotel.

Mr. HALLEY. Where do you remember him from?

Mr. D'ANDREA. After that, after 1933.

Mr. HALLEY. Being where, around the Lexington?

Mr. D'ANDREA. No; not around the Lexington, but being around with fellows sometimes like Guzik and Paul DeLucia. When I made a campaign to get members in I solicited those people.

Mr. HALLEY. Did they pretty well associate together, Guzik and DeLucia and Accardo?

Mr. D'ANDREA. Yes.

Mr. HALLEY. Did Humphreys continue to associate with them?

Mr. D'ANDREA. That is right.

Mr. HALLEY. What business did they go into after prohibition?

Mr. D'ANDREA. I understood they were in the gambling business.

Mr. HALLEY. The whole bunch of them?

Mr. D'ANDREA. Yes.

Mr. HALLEY. Where did they get their protection?

Mr. D'ANDREA. I don't know.

Mr. HALLEY. You were active in politics.

Mr. D'ANDREA. Yes; but that is something I didn't interfere with and didn't know. It was none of my business.

Mr. HALLEY. Did they continue to help out on election day the way Al used to?

Mr. D'ANDREA. No. I broke my connections there entirely after Al left.

Mr. HALLEY. You didn't give up your political work, did you?

Mr. D'ANDREA. I didn't depend on them for it.

Mr. HALLEY. No; but you know the score.

Mr. D'ANDREA. That is right. I did the best I could without them.

Mr. HALLEY. I am sure of that, but we are trying to get the story now.

Mr. D'ANDREA. I realize that. In other words, when Al left I was out in the cold as far as any connections there because I had no friends there.

Mr. HALLEY. But you knew what was going on and you were the head of the Italo-American organization and were active in politics.

Mr. D'ANDREA. But that and the Lexington Hotel are two different things.

Mr. HALLEY. I am not even beginning to insinuate that they aren't. What I mean is that you were a wide-awake, bright young man and you knew the score.

Mr. D'ANDREA. I knew the things that were going on.

Mr. HALLEY. How did these fellows organize things?

Mr. D'ANDREA. I don't know. If I had known, I probably would have gotten in with them.

Mr. HALLEY. They must have had political pull.

Mr. D'ANDREA. I assume they had, but how or when or anything I couldn't tell you.

Mr. HALLEY. Who kept the police from busting up their gambling games?

Mr. D'ANDREA. I don't know that. That is hard to say. I was not active in that.

Mr. HALLEY. In those days the police would be more afraid of Fischetti than they would be of their superiors, wouldn't they?

Mr. D'ANDREA. I wouldn't say that. I wouldn't say that.

Mr. HALLEY. In any event they all went into the gambling business, is that right?

Mr. D'ANDREA. That is my understanding, yes.

Mr. HALLEY. What do you know about the wire service?

Mr. D'ANDREA. Not a thing. I wouldn't know where to go and put a \$2 bet on a horse. Believe me when I say that because I have never been identified with anything like that.

Mr. HALLEY. Did you know James Ragen?

Mr. D'ANDREA. No.

Mr. HALLEY. You didn't know him at all?

Mr. D'ANDREA. No.

Mr. HALLEY. Did you know Pat Burns?

Mr. D'ANDREA. No.

Mr. HALLEY. You have absolutely no information regarding the wire service?

Mr. D'ANDREA. I don't know a thing about it, not one blessed thing about the wire service.

Mr. HALLEY. How many of the people we have been talking about were you able to persuade to join your association? You mentioned, I think, Fischetti, is that right?

Mr. D'ANDREA. Accardo, Fischetti, Charlie Fischetti; Paul De-Lucia and his family, his father-in-law; John Capone, Nick Circella. Those were the only few that I was able ever to get.

Mr. HALLEY. Do you know Hugo Bennett?

Mr. D'ANDREA. Who?

Mr. HALLEY. Hugo Bennett.

Mr. D'ANDREA. No.

Mr. HALLEY. Benvenuti? Perhaps you knew him.

Mr. D'ANDREA. No.

Mr. HALLEY. Do you know his father?

Mr. D'ANDREA. No. Benvenuti? Could that be the man who was a bondsman around town here, Julius Benvenuti?

Mr. HALLEY. No, Hugo. He worked out at Sportman's Park.

Mr. D'ANDREA. No, I don't know him.

Mr. HALLEY. You didn't go to the races at all?

Mr. D'ANDREA. I don't think I have been to the track three or four times in my life.

Mr. HALLEY. Was John Patton one of the Capone group?

Mr. D'ANDREA. Yes.

Mr. HALLEY. Did he hang out at the Lexington?

Mr. D'ANDREA. He did in the early years. I saw him there quite often.

Mr. HALLEY. He was also called the boy mayor of Burnham, is that right?

Mr. D'ANDREA. That is right.

Mr. HALLEY. Was the Capone crowd quite active out there?

Mr. D'ANDREA. I imagine they were. I couldn't say for sure. I imagine they were.

Mr. HALLEY. Did you know William H. Johnston, Pat Burns' father?

Mr. D'ANDREA. No.

Mr. HALLEY. Did you know Ed O'Hare? I think I asked you that.

Mr. D'ANDREA. That is the man.

Mr. HALLEY. The man who was killed?

Mr. D'ANDREA. No; I didn't know him.

Mr. HALLEY. I have no other questions.

The CHAIRMAN. Mr. D'Andrea, I want to get one or two things. When was it you bought the newspaper?

Mr. D'ANDREA. It was about a year or a year and a half before we declared war.

The CHAIRMAN. About 1937 or 1938?

Mr. D'ANDREA. Oh, no. It was in 1941.

The CHAIRMAN. About 1939?

Mr. D'ANDREA. 1939 or 1940. I had all my files here.

The CHAIRMAN. You kept the newspaper?

Mr. D'ANDREA. About a year or so.

The CHAIRMAN. Then what date was it that you were incarcerated?

Mr. D'ANDREA. December of 1943.

The CHAIRMAN. When did you get out?

Mr. D'ANDREA. August 1947.

The CHAIRMAN. Then you went to California immediately?

Mr. D'ANDREA. No. I was in Lincolnshire close to a year, I guess.

The CHAIRMAN. When did you quit politics?

Mr. D'ANDREA. About a year before I got in trouble. The city bought all their own equipment at that time and it absolutely put me out of business insofar as city work was concerned.

The CHAIRMAN. So you quit politics back about 1941 or 1942?

Mr. D'ANDREA. That is right.

The CHAIRMAN. Who was the mayor in those days in 1928 and 1929 and 1930? Was that Big Bill Thompson?

Mr. D'ANDREA. Yes; Thompson was mayor awhile.

The CHAIRMAN. Did the Capone group support him?

Mr. D'ANDREA. No; they went against him. They went against him and Cermak was elected at the time.

The CHAIRMAN. They supported Cermak.

Mr. D'ANDREA. That is right.

The CHAIRMAN. Were the Capone group all Democrats?

Mr. D'ANDREA. No.

The CHAIRMAN. What was Al Capone?

Mr. D'ANDREA. He was a Republican when it fitted his clothes, I guess, and a Democrat otherwise.

The CHAIRMAN. You mean the whole group played both sides of the street?

Mr. D'ANDREA. That is right.

The CHAIRMAN. When they thought that they needed protection, whoever was in, that is where they—

Mr. D'ANDREA. That is right. They had all been for Thompson, and then at the last minute they switched over to Cermak.

The CHAIRMAN. Was Cermak a Democrat or a Republican?

Mr. D'ANDREA. He was a Democrat.

The CHAIRMAN. Was Thompson a Republican?

Mr. D'ANDREA. Thompson was a Republican.

The CHAIRMAN. But you were a Democrat all the way through?

Mr. D'ANDREA. Yes. Is that bad or good?

The CHAIRMAN. I think it is good.

Let me ask this about the Italo-American Union: You assessed the members to pay benefits when somebody died?

Mr. D'ANDREA. That was true.

The CHAIRMAN. That is the way it was originally, was it?

Mr. D'ANDREA. Yes, sir.

The CHAIRMAN. During that time did you have meetings and have any other purpose for the union? That is, did you have fraternal meetings to discuss problems that you had?

Mr. D'ANDREA. Oh, yes. It was a lodge system. Every locality has its lodge.

The CHAIRMAN. A secret organization?

Mr. D'ANDREA. Oh, God no. It was men, women, and children who belonged to it.

The CHAIRMAN. Did you have to be initiated or take any oath to get in?

Mr. D'ANDREA. No. It was purely an insurance proposition.

The CHAIRMAN. Just pay some money.

Mr. D'ANDREA. That is right.

The CHAIRMAN. But you would have social meetings every so often to get acquainted?

Mr. D'ANDREA. Yes, the various lodges also had their little dance or their little picnic or what not.

The CHAIRMAN. When did this fraternal society comply with the laws of Illinois relative to reserves and what not?

Mr. D'ANDREA. I think the code went into effect in 1934.

The CHAIRMAN. Were you the president then?

Mr. D'ANDREA. No, I came in shortly after the code went in and I rerated the entire membership.

The CHAIRMAN. When was that?

Mr. D'ANDREA. About 1934, '35, '36. It took us a couple of years to do it.

The CHAIRMAN. Then you were president for 6 years?

Mr. D'ANDREA. That is about right.

The CHAIRMAN. I notice in your bank checks you have a three-hundred-odd-dollar check to the Italo-American Union.

Mr. D'ANDREA. That is my premium for last year's insurance.

The CHAIRMAN. Do you still pay your premium to the lodge here?

Mr. D'ANDREA. No, I always pay to the main office in Chicago.

The CHAIRMAN. There are offices in California and all over the country?

Mr. D'ANDREA. At the time that I was president we operated in different States, operated in Ohio, Michigan, Illinois, Indiana, and Wisconsin. I don't know what the situation is today.

The CHAIRMAN. Who is the president now?

Mr. D'ANDREA. Bulger; Imburgio Bulger.

The CHAIRMAN. Has it gotten to be a big organization?

Mr. D'ANDREA. I understand the membership has increased to about ten or twelve thousand, so I understand. I am not positive, though. That is the talk around.

The CHAIRMAN. Mr. D'Andrea, who arranged to get this lawyer down in Texas to represent you all in the parole matter?

Mr. D'ANDREA. I know nothing about that.

The CHAIRMAN. He got you out, did he not?

Mr. D'ANDREA. I don't give him any credit for getting me out. I had my own attorney.

The CHAIRMAN. Who was your attorney?

Mr. D'ANDREA. My attorney was—I can't think of his name, from North Dakota. Fargo, N. Dak. It will come to me in a second.

The CHAIRMAN. Anyway, how did you get an attorney way out in Fargo?

Mr. D'ANDREA. Well, I got him through a cousin of mine here who is an attorney, but not familiar with criminal work. He suggested him as a good man who knew his way around. That is all I know. I was inside. I had no part of it, only when this cousin of mine came to see me, I told him I would like to see if he could try and get a sick parole for me. He said he would look into it; and the next time he came and saw me he told me he inquired and found out that this man from Dakota was a man who knew his way around Washington. I hired him. That is all.

The CHAIRMAN. How much did you pay him?

Mr. D'ANDREA. I gave him \$7,500.

The CHAIRMAN. Did you get out when the others did?

Mr. D'ANDREA. Yes. I believe they turned my medical parole down, and we all got off together.

The CHAIRMAN. You think you all got out automatically, or do you think anybody did anything for you?

Mr. D'ANDREA. I don't think anybody did anything for us. We were entitled to it. We had done one-third of our time, and had good behavior.

The CHAIRMAN. Is that what you got?

Mr. D'ANDREA. Yes, one-third of our time. We were eligible for parole. None of us had bad behavior there. That is what the parole law is, I guess.

The CHAIRMAN. Do you know about some people coming in and leaving money in Mr. Bernstein's office to pay off DeLucia and Campagna's income-tax liability?

Mr. D'ANDREA. I have read about it; yes.

The CHAIRMAN. How do you suppose that happened? You are a very intelligent man.

Mr. D'ANDREA. I don't know, sir. Perhaps it sounds as fishy to me as it does to you. I don't know a thing about it.

The CHAIRMAN. You have had considerable education, have you not, Mr. D'Andrea?

Mr. D'ANDREA. Somewhat.

The CHAIRMAN. You have gone to college?

Mr. D'ANDREA. Yes, sir. I had 2½ years of law school.

The CHAIRMAN. Where?

Mr. D'ANDREA. Hamilton College of Law here in Chicago.

The CHAIRMAN. Did you go to college before you went to law school?

Mr. D'ANDREA. No.

The CHAIRMAN. Are you a lawyer?

Mr. D'ANDREA. No.

The CHAIRMAN. I do not think of anything else to ask him.

Mr. WHITE. Who were your partners in the newspaper enterprise?

Mr. D'ANDREA. At that time, they were John Arena, he was the editor; Peter Fosco, William Parrillo, Dr. Eugene Chesrow, J. V. Lamantia, Rev. Horace D'Andrea, an uncle of mine. I believe that is all.

Mr. HALLEY. Did any sell out?

Mr. D'ANDREA. I had some difficulty with this editor, and he let the paper run down. They automatically withdrew. I salvaged about \$1,200 out of it.

Mr. HALLEY. Didn't you continue after Arena withdrew?

Mr. D'ANDREA. Yes, for a while, but it was too expensive. I knew nothing about the newspaper business, and at that time I decided, on account of my health, to let go the position I had with the Italo-American. I didn't think I needed the newspaper any more. So I just closed it up. I salvaged about \$1,200 out of the entire thing that we paid close to \$25,000 for.

Mr. HALLEY. Did Arena withdraw at your insistence?

Mr. D'ANDREA. No. Arena got himself in trouble, financial trouble there, and what not. His idea was to get everybody disgusted and he would take over the paper himself. There was a lawsuit there, and so forth. He got out.

Mr. HALLEY. Did he want to get out, or did others want to get him out?

Mr. D'ANDREA. The rest of the partners wouldn't give any more working capital as long as he was there, because they had put up twice, they put up \$5,000 each time as working capital, and it just dwindled away.

Mr. HALLEY. Then you succeeded him as editor?

Mr. D'ANDREA. No, I was never the editor. I financed the thing for a few months, myself, and I found out it was a little too tough for me. I let it go.

Then the war broke out and the Italian newspapers were no good, anyway. Foreign newspapers were on the down grade.

Mr. HALLEY. How did you know Pete Fosco?

Mr. D'ANDREA. I have known Pete Fosco a good many years.

Mr. HALLEY. Was he another one of the Capone group?

Mr. D'ANDREA. No, no. I have a cousin who is in the labor game. He is the president of the hod carriers union. Pete and he are in the same business. They are sort of friends of the family for years.

The CHAIRMAN. I have no more questions.

Mr. ROBINSON. Do you know Eddie Vogel?

Mr. D'ANDREA. I have heard of him. I don't know him.

Mr. ROBINSON. Do you know whether he was part of the Capone organization?

Mr. D'ANDREA. I don't know.

Mr. ROBINSON. You mentioned Mr. Gioe was sort of a messenger?

Mr. D'ANDREA. At that time, at the beginning, that is all he was.

Mr. ROBINSON. Did any other members of this group that was associated with Capone have similar functions or other functions to perform? What I am getting at, you referred to Gioe as a messenger.

Mr. D'ANDREA. I believe all those fellows who were actually identified started out the same way.

Mr. ROBINSON. Didn't they have some particular function or job they did as part of the organization?

Mr. D'ANDREA. I wouldn't know that, because my business was purely and simply short visits. I didn't know what they were doing and what was going on.

Mr. ROBINSON. You were closely associated with Al Capone, were you not?

Mr. D'ANDREA. I wouldn't say closely associated. I knew him very well, and we were very friendly. I think he would do anything in the world for me. But as far as knowing what his business was or interfering with his business, I never took it upon myself—

Mr. ROBINSON. You know he had an organization that he ruled pretty firmly, didn't he?

Mr. D'ANDREA. Of course.

Mr. ROBINSON. The people you referred to, you know were members of his organization. Did he have his organization broken down into certain compartments?

Mr. D'ANDREA. I don't know.

Mr. ROBINSON. What did Murray Humphreys do?

Mr. D'ANDREA. I couldn't tell you. I don't know. I don't know what his duties were, if he had any.

Mr. ROBINSON. Do you know what Fischetti's duties were?

Mr. D'ANDREA. No. As I say, I always knew them to be either in the bootlegging business or gambling. What particular line, what particular tasks they had, I don't know.

Mr. ROBINSON. Do you know whether Humphreys was affiliated with the activities that related to unions?

Mr. D'ANDREA. I don't know. I knew he was in the laundry business there, cleaners and dyers, or something.

Mr. ROBINSON. Do you know how he got into that?

Mr. D'ANDREA. No, I don't.

Mr. ROBINSON. Were there pretty close relationships between the officers of this Italian organization in this city, and officials of similar organizations in other cities?

Mr. D'ANDREA. No. This is the only office we have here. They operate under the lodge system there. They send their dues to this office. The only thing they do there without the sanction of this office is the social activities, such as their dances and picnics and what not. Everything is controlled from this office.

Mr. ROBINSON. No connection with organizations in those cities?

Mr. D'ANDREA. No, no.

Mr. ROBINSON. After 1933, did you ever, in any of your discussions or talks with Capone, notice any indication on his part of being interested in the wire service business?

Mr. D'ANDREA. I never saw him any more.

Mr. ROBINSON. You didn't see him after that?

Mr. D'ANDREA. Oh, no.

Mr. ROBINSON. You say you were born in this country?

Mr. D'ANDREA. Buffalo, N. Y.

Mr. ROBINSON. You do know about the Mafia?

Mr. D'ANDREA. Oh, I have heard of it since I was a child.

Mr. ROBINSON. Would you say it would be unusual for any man of your age who was born in Sicily, to say he knew nothing about the Mafia?

Mr. D'ANDREA. Yes, I would think so. If he was born in Sicily, I would think so. Because, as I say, years ago it was a byword in every family. People were scared to death of having a little home for fear somebody would come over and blow it up or for fear they would receive a letter. That was the condition here about 20 years ago that I recall.

Mr. ROBINSON. What would you say were some of the other concepts or principles of the Mafia that you recall from your childhood, having heard talked about in the family?

Mr. D'ANDREA. One of the concepts was that it would be a good idea to keep your mouth closed?

Mr. ROBINSON. Any others?

Mr. D'ANDREA. Anything that would hurt the other fellow, I guess.

Mr. ROBINSON. Was one of the concepts to settle your own squabbles among yourselves, and never seek the help of law-enforcement officers? Isn't that historically true of the Mafia?

Mr. D'ANDREA. To a certain extent, yes. To a certain extent it was. I don't think it is so much today, because we really have no more old-country Italians. It is the younger generation that has grown up, and in many cases Italian is not spoken in the home any more.

Mr. ROBINSON. I understand that.

Mr. D'ANDREA. So we kind of outgrew that.

Mr. ROBINSON. What is the relationship between the Black Hand and the Mafia?

Mr. D'ANDREA. It is the same thing, isn't it?

Mr. ROBINSON. I don't know. I thought you might know.

Mr. D'ANDREA. I understand it is the same thing.

Mr. ROBINSON. Isn't that a certain facet of the Mafia organization that had more to do with the enforcing activities?

Mr. D'ANDREA. You are getting into technicalities now. I don't know that. I always understood that Mafia, Black Hand, were all one, with different titles, but it was all one, as I understand.

Mr. ROBINSON. Is that a subject that is discussed among the Italian families?

Mr. D'ANDREA. Oh, God, no; no, sir. It is not discussed out of the home, when it is.

Mr. ROBINSON. But it is discussed in the home?

Mr. D'ANDREA. I am talking about years back. In the last 20 years, I don't think anything like that exists any more.

Mr. ROBINSON. You don't think that some of those concepts are still acted on by some of the younger generation Italians in this country?

Mr. D'ANDREA. I think any trouble today is with little local groups. I don't think there is anything like there was years ago. I personally don't believe so.

Mr. ROBINSON. What do you mean by "little local groups"?

Mr. D'ANDREA. There might be a few in a town like Chicago that want to make a livelihood like that, perhaps a few in some other city, who write letters and demand money, and so forth and so on.

Mr. ROBINSON. That is all.

Do you know Joe Fusco?

Mr. D'ANDREA. Oh, yes.

Mr. ROBINSON. How long have you known him?

Mr. D'ANDREA. Perhaps 20 years.

Mr. ROBINSON. Do you know what business he is engaged in?

Mr. D'ANDREA. The liquor business. I have bought some from him.

Mr. ROBINSON. What is that?

Mr. D'ANDREA. I have bought liquor from him.

Mr. ROBINSON. Is he associated with the Capone organization?

Mr. D'ANDREA. Yes. I think years back he was in the group there.

Mr. ROBINSON. Do you know what he did?

Mr. D'ANDREA. I think he was in the brewery end of it.

Mr. ROBINSON. What do you mean by the "brewery end of it"?

Mr. D'ANDREA. They had wildcat breweries, I guess, that they operated.

Mr. ROBINSON. Was that his particular function, to operate that?

Mr. D'ANDREA. I think——

Mr. ROBINSON. The manufacture of beer?

Mr. D'ANDREA. I believe the manufacture or the sale, I don't know. That is common gossip around town, that that is what Joe Fusco did.

Mr. ROBINSON. Do you know that is what he was engaged in, yourself?

Mr. D'ANDREA. No. It is common gossip, I know.

Mr. ROBINSON. At that time?

Mr. D'ANDREA. Not personally. Yes.

The CHAIRMAN. Anything else?

Mr. ROBINSON. That is all I have.

Mr. HALLEY. I have nothing else.

The CHAIRMAN. Did you feel that Capone and his group were members of the Mafia back when you were first associated with them?

Mr. D'ANDREA. Well, I will tell you my experience with Capone. I know that on several occasions, stories went around that he stopped certain people from writing threatening letters. Whether he was in or out, or whether he had anything to do with it, I don't know, but I do know that the story circulated at the time that he stopped people from writing letters.

The CHAIRMAN. Of course, he was not a Sicilian, was he?

Mr. D'ANDREA. No; Capone was not a Sicilian.

The CHAIRMAN. Is it not your understanding that nobody but a Sicilian could be a member of the Mafia?

Mr. D'ANDREA. That is where it originated, but I don't know what the requirements are today, or were.

The CHAIRMAN. Did you ever see anybody who admitted they were a member of the Mafia?

Mr. D'ANDREA. No. It would be darned foolish to do that, I guess.

The CHAIRMAN. But back years back——

Mr. D'ANDREA. No.

The CHAIRMAN. 25 or 30 years ago?

Mr. D'ANDREA. There have been a lot of people paraded around as tough guys, and so forth. You assumed maybe they belonged to it, but you didn't know, actually.

The CHAIRMAN. Did you know whether they had meetings?

Mr. D'ANDREA. No.

The CHAIRMAN. All right.

Mr. ROBINSON. Nobody attempted to challenge Mr. Capone's authority at all, that you know of?

Mr. D'ANDREA. He was always on his guard. I don't know whether he got any challenges or not.

Mr. ROBINSON. If they did, he took care of it himself, didn't he?

Mr. D'ANDREA. I imagine so.

Mr. ROBINSON. He never sought the help of the local authorities to take care of any of his problems?

Mr. D'ANDREA. That is something I don't know, sir.

Dr. HALLEY. Why did you carry a gun?

Mr. D'ANDREA. I was a deputy bailiff then.

Mr. HALLEY. That was an honorary job, wasn't it?

Mr. D'ANDREA. Oh, no, I was on the payroll.

Mr. HALLEY. You had gone off the payroll, hadn't you?

Mr. D'ANDREA. I received a letter, after I was convicted, that I had been discharged the same day that I was arrested with the gun.

Mr. HALLEY. You were in a business, weren't you?

Mr. D'ANDREA. That is right.

Mr. HALLEY. You didn't have to be a bailiff to make a living?

Mr. D'ANDREA. I didn't have to make a living, but it was nice to get close to \$300 a month.

Mr. HALLEY. What were your duties as a bailiff?

Mr. D'ANDREA. Serving writs.

Mr. HALLEY. Did you actually go out and serve them?

Mr. D'ANDREA. Oh, yes.

Mr. HALLEY. Did you need a gun to serve writs?

Mr. D'ANDREA. All the bailiffs were armed. There are times and places where a fellow gets pretty rough, serving them with a writ.

The CHAIRMAN. Mr. D'Andrea, my impression is that you have been frank and forthright with the committee.

Mr. D'ANDREA. Thank you. I tried to be.

The CHAIRMAN. You have tried to be helpful to us. You are probably trying to lead a good, straight life at the present time.

Mr. D'ANDREA. Absolutely.

The CHAIRMAN. We appreciate your cooperation. We hope you get along all right.

Mr. D'ANDREA. Thank you.

Am I through? Can I go back home?

The CHAIRMAN. You are through, and we will send your papers back to you. You will get them.

Mr. D'ANDREA. Those are the only things I have.

The CHAIRMAN. Can we look them over?

Mr. D'ANDREA. There are mortgages.

The CHAIRMAN. There are two mortgages.

Philip D'Andrea, an insurance policy, \$23,750.

Mr. D'ANDREA. There is \$13,750 mortgage on that piece.

The CHAIRMAN. That is a piece of property of yours?

Mr. D'ANDREA. Yes. That is all mine.

The CHAIRMAN. You mean that you have given a mortgage on it?

Mr. D'ANDREA. No, no. I owe that.

The CHAIRMAN. That is what you owe?

Mr. D'ANDREA. Yes. On the other, I owe \$5,000. On the lots, I owe \$1,250.

The CHAIRMAN. These are your insurance and title papers?

Mr. D'ANDREA. That is correct.

The CHAIRMAN. I have looked over the check stubs and the checks. I did not see anything that looked particularly interesting. We will give you all your papers back.

Mr. D'ANDREA. Fine.

The CHAIRMAN. In case we should ever want to call you again, you will be continued under subpena. I do not think we will ever want to call you.

Mr. D'ANDREA. All right, sir.

The CHAIRMAN. You are at liberty to return to California, wherever you want to go.

Mr. D'ANDREA. Thank you very much, sir.

(Witness excused.)

The CHAIRMAN. We will recess at this time until 9 o'clock tomorrow morning.

(Thereupon a recess was taken until 9 a. m., Saturday, October 7, 1950.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

SATURDAY, OCTOBER 7, 1950

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED
CRIME IN INTERSTATE COMMERCE,
Chicago, Ill.

EXECUTIVE SESSION

The committee met, pursuant to recess, at 9:30 a. m., in room 267, United States Courthouse (Old Post Office Building), Chicago, Ill., Senator Estes Kefauver (chairman) presiding.

Present: Senator Kefauver.

Also present: Rudolph Halley, chief counsel; George S. Robinson, associate counsel; George H. White, Patrick H. Kiley, William C. Garrett, and W. D. Amis, investigators; Julius Cahn, administrative assistant to Senator Wiley; Elmer Oltman, Intelligence Unit, Bureau of Internal Revenue, Kansas City Division; N. F. Ortwerth, internal revenue agent, St. Louis division; Daniel P. Sullivan, operating director, Crime Commission of Greater Miami; and Walter J. Devereux, chief investigator, Chicago Crime Commission, and consultant to the committee.

The CHAIRMAN. The committee will be in order.

Mr. Rosselli, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ROSSELLI. I do.

Mr. CHRISTENSEN. Otto Christensen, 541 South Spring Street, Los Angeles 14, Calif.

(Discussion off the record.)

The CHAIRMAN. We will proceed.

TESTIMONY OF JOHN ROSSELLI, HOLLYWOOD, CALIF., ACCOMPANIED BY OTTO CHRISTENSEN, LOS ANGELES, CALIF.

Mr. HALLEY. Mr. Rosselli, what is your present business?

Mr. ROSSELLI. Right now, nothing.

Mr. HALLEY. Your full name and address?

Mr. ROSSELLI. John Rosselli, 1259 North Crescent Heights Boulevard, Hollywood 46, Calif.

Mr. HALLEY. You were convicted, were you not, in the so-called movie extortion case?

Mr. ROSSELLI. Yes, sir; I was.

Mr. HALLEY. You served a sentence?

Mr. ROSSELLI. I did.

Mr. HALLEY. When were you released from jail?

Mr. ROSSELLI. August 13, 1947.

Mr. HALLEY. Were you ever convicted for any other crime?

Mr. ROSSELLI. None, only a misdemeanor, such as traffic violations or disturbing the peace, and was fined.

Mr. HALLEY. Were you ever convicted of any prohibition violations?

Mr. ROSSELLI. No, sir.

Mr. HALLEY. Or gambling violations?

Mr. ROSSELLI. No, sir.

Mr. HALLEY. Were you ever arrested?

Mr. ROSSELLI. Yes; I have been arrested several times.

Mr. HALLEY. For what?

Mr. ROSSELLI. Years ago. Suspicions of different natures on several occasions. That was during, I think, prohibition, to the best of my recollection.

Mr. HALLEY. Were you ever arrested for gambling?

Mr. ROSSELLI. No, sir.

Mr. HALLEY. Just for prohibition violations?

Mr. ROSSELLI. Suspicions of other types of offenses.

Mr. HALLEY. Since 1947 what have you been doing?

Mr. ROSSELLI. Since 1947 I have been in the picture business. I came home and worked as an assistant purchasing agent at Eagle Lion Studio. I later was assistant producer to Brian Foy and associate producer with Robert T. Cain productions. I don't know whether it is in this line, but it is one or the other. I was with Eagle Lion, Brian Foy, and Robert T. Cain productions. I was an associate producer of two pictures which I helped finance and produce.

Mr. CHRISTENSEN. Did you say finance or help finance?

Mr. ROSSELLI. I helped finance.

Mr. CHRISTENSEN. His voice dropped and I didn't want a misconstruction on that.

Mr. HALLEY. Since when have you been unemployed?

Mr. ROSSELLI. It is a little better than a year.

Mr. HALLEY. What are the circumstances of your being unemployed? Are you simply retired?

Mr. ROSSELLI. No. The circumstance, I think, is that 2 years ago when my parole was revoked I was in the process of making these two pictures, and they were later released. Since then I just haven't been able to get any employment anywhere since Mr. Foy went to Warner Bros.

I was through with my employment with him. That is, he had no more use for me because I entered into another contract with Warners. I have been unemployed since, I think July of—

Mr. HALLEY. 1949.

Mr. ROSSELLI. I think it is 1949.

Mr. HALLEY. Why was your parole revoked?

Mr. ROSSELLI. I don't know. I was never told officially. I say I don't know why it was revoked, the reasons.

The CHAIRMAN. Then he added he was never told officially.

Mr. ROSSELLI. Never told officially.

Mr. HALLEY. Did you have any assets when you were released from prison?

Mr. ROSSELLI. Not too much.

Mr. HALLEY. What would you say you had?

Mr. ROSSELLI. I had a little jewelry and some bonds, a little cash.

Mr. HALLEY. How much cash did you have?

Mr. ROSSELLI. The whole thing must have been less than five thousand.

Mr. HALLEY. Was it in a bank?

Mr. ROSSELLI. No. I had it in a trunk.

Mr. HALLEY. You had it in a trunk. You mean somebody kept the trunk for you while you were in prison?

Mr. ROSSELLI. Yes, sir.

Mr. HALLEY. Could you state where the trunk was?

Mr. ROSSELLI. I was engaged to a girl by the name of Ann Corcoran, that is her stage name, movie name. They kept my clothes.

Mr. HALLEY. And the money was there?

Mr. ROSSELLI. The money was in the trunk. They didn't even know it.

Mr. HALLEY. How much did you have in bonds?

Mr. ROSSELLI. Several hundred dollars, I think?

Mr. HALLEY. How much?

Mr. ROSSELLI. I don't know just how much. I am not sure.

Mr. HALLEY. Did you have any other assets when you came out of prison?

Mr. ROSSELLI. No assets.

Mr. HALLEY. When did you enter prison?

Mr. ROSSELLI. That is Atlanta or when I was sentenced?

Mr. HALLEY. When were you sentenced?

Mr. ROSSELLI. I was sentenced on December 31, 1943.

Mr. HALLEY. You actually served 4 years?

Mr. ROSSELLI. I served 3 years and 7 months and 13 days.

Mr. HALLEY. What was your occupation before you went to prison?

Mr. ROSSELLI. My occupation before I went to prison, I was with the Pat Casey Enterprise. I was in the insurance business. Pat Casey is a labor-relations man in the industry.

Mr. HALLEY. What industry?

Mr. ROSSELLI. Motion-picture industry.

Mr. HALLEY. For how long were you with them?

Mr. ROSSELLI. Quite a number of years.

Mr. HALLEY. How far back would you take that?

Mr. ROSSELLI. About 1933.

Mr. HALLEY. Perhaps we might do best by working up from the other end. When and where were you born?

Mr. ROSSELLI. I was born in Chicago in 1905, June 4, 1905.

Mr. HALLEY. Where did you have your first employment?

Mr. ROSSELLI. Well, it is hard to say. I did almost anything. I sold newspapers, shined shoes. I went out to California at the age of 15 or thereabouts, worked around as an extra in pictures and at various jobs, odds and ends. I don't know just what you want to develop.

Mr. HALLEY. Were you in the liquor business during prohibition?

Mr. ROSSELLI. Well, in some manner; yes.

Mr. HALLEY. Would you state what manner?

Mr. ROSSELLI. Very, very, very small.

Mr. HALLEY. Where were you?

Mr. ROSSELLI. In Los Angeles.

Mr. HALLEY. What was the nature of your operation in the liquor business?

Mr. ROSSELLI. Other than just buying and selling a little liquor here and there.

Mr. HALLEY. Did you operate by yourself or with others?

Mr. ROSSELLI. Just by myself.

Mr. HALLEY. Prior to 1929, say, did you return to Chicago between the time you were 15?

Mr. ROSSELLI. Yes.

Mr. HALLEY. Did you come back frequently?

Mr. ROSSELLI. I remember very distinctly I came back during the Dempsey-Tunney fight.

Mr. HALLEY. With whom did you come back to see the fight?

Mr. ROSSELLI. On that train was Bill Russell, I think it was, an old time actor, and several others.

Mr. HALLEY. Were you traveling with him?

Mr. ROSSELLI. No. At that time I was traveling with a man by the name of Santonelli; who is a restaurateur.

Mr. HALLEY. What is his full name?

Mr. ROSSELLI. Joseph is his first name.

Mr. HALLEY. You were rather a young man at that time, weren't you?

Mr. ROSSELLI. Oh, yes.

Mr. HALLEY. You must have been making rather good money.

Mr. ROSSELLI. No; I wasn't.

Mr. HALLEY. You could afford to come back here for the fight.

Mr. ROSSELLI. You would scrape up a few hundred dollars. All the young fellows would, and attend sporting events.

Mr. HALLEY. For the most part you were living back on the coast?

Mr. ROSSELLI. Oh, yes; always.

Mr. HALLEY. Then between 1928 and 1933, up to the repeal of prohibition, did you come back to Chicago often?

Mr. ROSSELLI. No, not too often. I was pretty sick those days. I had tuberculosis. I was confined in a sanitarium at Redwood City, Calif.

Mr. HALLEY. You did get back here, though?

Mr. ROSSELLI. On occasions, sporting events and so on.

Mr. HALLEY. Did you ever visit the Hotel Lexington, headquarters of the Capone gang?

Mr. ROSSELLI. Yes, sir.

Mr. HALLEY. You knew Al Capone?

Mr. ROSSELLI. I did know Al Capone.

Mr. HALLEY. When did you first meet him?

Mr. ROSSELLI. During the Tunney-Dempsey fight.

Mr. HALLEY. Who introduced you?

Mr. ROSSELLI. There must have been a thousand people in that place, at Metropole Hotel. I guess everybody clamored to get up there.

Mr. HALLEY. You must have been in the mob, so to speak at that time, to have gotten there and gotten in to see the big man.

Mr. ROSSELLI. No, sir. Al Jolson and quite a number of others.

Mr. HALLEY. You weren't a celebrity, you were younger.

Mr. ROSSELLI. I am not a celebrity.

Mr. HALLEY. You were there and met Al?

Mr. ROSSELLI. No. I was just taken there.

Mr. HALLEY. Let's not just brush this off quickly, Mr. Rosselli. It is all ancient history.

Mr. ROSSELLI. Surely, I know.

To the best of my recollection, I will tell you about it.

Mr. HALLEY. Let's try to take it a little slower and not give it a quick coat of varnish. It is old stuff. There is no reason not to be perfectly frank and open about it, I think. We would like to get the facts and not just a sort of quick snapshot.

Here we are, you were a youngster of about 23.

Mr. ROSSELLI. Was I?

Mr. HALLEY. Well, that was 1928. It is simple arithmetic. You traveled back here to see that fight which was a pretty important thing. You went to the Metropole to a party and met Al Capone, and apparently made enough of an impression to then visit him at the Lexington. You must have been in the mob. Let's be reasonable and get the story.

Mr. ROSSELLI. I am sorry, sir; no, sir.

Mr. HALLEY. You must have known the boys.

Mr. ROSSELLI. I just met them at these functions, these sporting events, through somewhere. I think the first time that I did meet him was through a man by the name of Jo Esposito, who was committeeman here on the West Side, who was a friend of mine.

Mr. HALLEY. How did you know him?

Mr. ROSSELLI. Through an uncle of mine.

Mr. HALLEY. Who is that?

Mr. ROSSELLI. Anthony D'Kunta.

Mr. HALLEY. Through Esposito you met Capone; is that right?

Mr. ROSSELLI. That is it.

Mr. HALLEY. How often would you say you visited the Hotel Lexington, headquarters of the Capone gang?

Mr. ROSSELLI. I remember once, but maybe a couple of times. I don't remember.

Mr. HALLEY. Would you say whenever you came to Chicago you stopped in there?

Mr. ROSSELLI. No.

Mr. HALLEY. Did you see Capone whenever you came to Chicago?

Mr. ROSSELLI. No.

Mr. HALLEY. Do you know Charlie Fischetti?

Mr. ROSSELLI. Yes, sir.

Mr. HALLEY. How did you meet him?

Mr. ROSSELLI. Just I think around that time.

Mr. HALLEY. Where did you meet him?

Mr. ROSSELLI. I don't quite remember whether it was in a restaurant or at the Metropole.

Mr. HALLEY. Did you ever see Charlie Fischetti on the west coast?

Mr. ROSSELLI. Yes, sir.

Mr. HALLEY. He visited with you; didn't he?

Mr. ROSSELLI. He certainly did.

Mr. HALLEY. You must have made a nice impression on him.

Mr. ROSSELLI. I probably did, sir.

Mr. HALLEY. Let's have the story. How did you fellows get to be friends? Here is the thing, Mr. Rosselli—

Mr. ROSSELLI. You either click with people or you don't. That is my impression.

Mr. HALLEY. I am going to put my cards on the table and then you can put them on or not.

Mr. ROSSELLI. I am going to give you everything to the best of my knowledge.

Mr. HALLEY. Mr. Foy hasn't dumped you. He phoned me in a very nice way. He asked for no favors, but he told me he wanted me to know that in his opinion you were going straight, that you have had a lot of unnecessary trouble. He asked for nothing, but he felt he ought to give you that character backing.

Mr. ROSSELLI. Thank you.

Mr. HALLEY. I think it is up to you to tell this story so the story makes some sense. We all know you just don't meet these fellows and have a drink and then meet them some place else 6 years later.

Mr. ROSSELLI. That is true.

Mr. HALLEY. And have another drink.

Mr. ROSSELLI. Let's put it this way, Mr. Halley: I was a young fellow with very little education. I am trying to sell whisky, trying to do anything I possibly can to make a living. So naturally if you meet anybody, I try to make—

Mr. HALLEY. They were big shots.

Mr. ROSSELLI. I don't know whether they were or not.

Mr. HALLEY. They had a reputation; didn't they?

Mr. ROSSELLI. I think Mr. Fischetti, I don't think he is much older, is he, he is about 50 now.

Mr. HALLEY. Capone was a big shot.

Mr. ROSSELLI. He certainly was; yes.

Mr. HALLEY. Fischetti was getting to be one at that time, coming along.

Mr. ROSSELLI. Well, that is not up to me to say.

Mr. HALLEY. All right. Tell us how you got to know Fischetti.

Mr. ROSSELLI. I got to know him. I was living out on the west coast. I think shortly, a year or two after that, they visited the west coast.

Mr. HALLEY. Who is they?

Mr. ROSSELLI. Capone and Fischetti and several others. I don't know. I don't quite remember the others.

Mr. HALLEY. What year was that?

Mr. ROSSELLI. Oh, I don't know; around 1930.

Mr. HALLEY. Did you see them when they came to the west coast?

Mr. ROSSELLI. Yes, sir; I did.

Mr. HALLEY. Where did you see them?

Mr. ROSSELLI. They were living at the Biltmore Hotel.

Mr. HALLEY. Did you go to see them?

Mr. ROSSELLI. Yes, sir; I went down to see them.

Mr. HALLEY. How often did you see Capone when he came to the west coast in 1930?

Mr. ROSSELLI. Just I think about 1 day. I don't think he was there over 2 days.

Mr. HALLEY. You were there with him 1 day?

Mr. ROSSELLI. Yes. I knew the police who were there. I think they escorted them out of town somehow. I was down at the hotel to see him. I know that.

Mr. HALLEY. Who else was there on that occasion?

Mr. ROSSELLI. I remember Charlie Fischetti was there.

Mr. HALLEY. Did you see Charlie Fischetti on other occasions on the west coast?

Mr. ROSSELLI. Yes. He was out there and he stayed there.

Mr. HALLEY. We will get back to Charlie.

On this meeting when Capone came to Los Angeles, who else did you see at the hotel with Capone? You say at the Biltmore?

Mr. ROSSELLI. Yes. There were one or two other men, but I don't quite remember who they were.

Mr. HALLEY. Try hard.

Mr. ROSSELLI. Well, the ones that left an impression with me were Fischetti.

Mr. HALLEY. Was Jack Dragna there?

Mr. ROSSELLI. No, sir.

Mr. HALLEY. Mo Mo Adamo?

Mr. ROSSELLI. No, sir.

Mr. HALLEY. You know both of them, don't you?

Mr. ROSSELLI. Yes, sir.

Mr. HALLEY. When did you first meet Dragna?

Mr. ROSSELLI. Several years, I think even before that.

Mr. HALLEY. When did you first—

Mr. ROSSELLI. Or just around that time.

Mr. HALLEY. When did you first meet Adamo?

Mr. ROSSELLI. In the past 10 or 12 years, something like that, 14 years. I don't know for sure. I can't recollect just where or how or how many years ago I met Adamo.

Mr. HALLEY. Tell the committee a little bit more about your friendship with Fischetti, Charlie Fischetti.

Mr. ROSSELLI. We were just friendly, and there probably would be times of several years that I wouldn't see him after that.

Mr. HALLEY. Then he would come out to the coast or you would go to Chicago and you would get together.

Mr. ROSSELLI. On my way through I probably stopped in to see him, yes. I don't think I ever saw him on the coast again after that.

Mr. HALLEY. Did you ever have a business dealing with Fischetti?

Mr. ROSSELLI. Never, never that I can remember. I don't know. I am pretty sure that I have never had.

Mr. HALLEY. Do you know Tony Accardo?

Mr. ROSSELLI. Yes; I might have met him.

Mr. HALLEY. You say you met him. How often have you seen him?

Mr. ROSSELLI. I met him I think during the trial of our case in New York.

Mr. HALLEY. Was he there during the trial?

Mr. ROSSELLI. On one or two occasions I saw him there. I didn't talk to him. I saw him there.

Mr. HALLEY. Did he ever visit you in jail?

Mr. ROSSELLI. No, sir.

Mr. HALLEY. Had you known Accardo before your trial?

Mr. ROSSELLI. I don't know how to answer that. I don't know whether I had seen him somewhere, but as far as knowing him, sitting down and discussing or talking to him, I don't believe I could answer that that way.

Mr. HALLEY. Do you know Phil Kastel?

Mr. ROSSELLI. Yes, sir.

Mr. HALLEY. Where did you meet him?

Mr. ROSSELLI. On one or two occasions in New York.

Mr. HALLEY. Who was with you when you met Kastel? Who was present?

Mr. ROSSELLI. I don't know. Usually either in some night club or some race track or something like that. I don't know. I don't remember.

Mr. HALLEY. Did you meet Costello?

Mr. ROSSELLI. Yes, sir.

Mr. HALLEY. How often have you seen Costello? I am referring to Frank Costello.

Mr. ROSSELLI. You mean the last time or how often did I see him over a period of years?

Mr. HALLEY. When is the last time you have seen him?

Mr. ROSSELLI. Seven or eight years. I think maybe it was either during my indictment or right after that.

Mr. HALLEY. Did you confer with him?

Mr. ROSSELLI. He used to shave downstairs——

Mr. HALLEY. Tell me, Do they have a conference room in that barbershop?

Mr. ROSSELLI. Not that I know of.

Mr. HALLEY. I have never met anybody who has ever seen Costello or talked to him any place but in that barber shop.

Mr. ROSSELLI. I have talked to him. I have been to the Biltmore baths with him.

Mr. HALLEY. Any place else?

Mr. ROSSELLI. Yes; the Biltmore Hotel.

Mr. HALLEY. With whom have you seen Costello?

Mr. ROSSELLI. Truthfully, I can't answer that because there would be a lot of people talking to him.

Mr. HALLEY. Did you ever go to the Copacabana in New York?

Mr. ROSSELLI. Yes, sir.

Mr. HALLEY. Did you ever go with Costello?

Mr. ROSSELLI. I met him there once or twice; but I didn't go with him.

Mr. HALLEY. You weren't there with him?

Mr. ROSSELLI. Yes. I would have to answer that "Yes" because I sat with him.

Mr. HALLEY. You sat at his party?

Mr. ROSSELLI. At his table.

Mr. HALLEY. He acted as though he owned the place; did he not?

Mr. ROSSELLI. Not to my knowledge.

Mr. HALLEY. He commanded a tremendous amount of respect there.

Mr. ROSSELLI. I saw him pay his check.

Mr. HALLEY. But he commanded a tremendous amount of respect and he pretty well got what he wanted there, didn't he?

Mr. ROSSELLI. I guess anybody who tips a little does.

Mr. HALLEY. We will skip that, then. Do you know Gene Normile?

Mr. ROSSELLI. Yes, sir.

Mr. HALLEY. When did you meet him?

Mr. ROSSELLI. I can't place the year, but I know it is quite a number of years.

Mr. HALLEY. Did you ever have any business dealings with Normile?

Mr. ROSSELLI. Yes, sir.

Mr. HALLEY. Will you state them in full detail? Mr. Rosselli, we have been sparring. We really have. I am just asking you here to state your dealings with Normile and state them in detail. I know you are a man with the ability to tell the story.

Mr. ROSSELLI. You want me to tell the story?

Mr. HALLEY. I want you to tell the story in detail and tell it right.

Mr. ROSSELLI. Normile's story is very clear in my mind.

Somewhere along in 1935 or 1936 I was discussing with Normile, and he had stated that he was going to try to get a contract for a service which at that time he said—I wasn't too well acquainted with it—he said there was a company called the General News, there was going to be a new company formed called the Nationwide and he thought he could get the contract for the west coast, and that if he did he would like to have me associated with him and give me an interest. I asked him at that time how much it would cost, and he said he didn't think it would cost anything other than the setting up of the office and getting customers. He thought I had the ability to get some customers.

I just forgot it for a while. That is one business that later developed, and he gave me an interest, in which I had no access to the books, but accepted whatever interest he gave me each month.

During about that time he also had another proposition he brought to me—

Mr. HALLEY. Did he come to you originally or did you go to him?

Mr. ROSSELLI. We were just talking. I used to see Normile.

The CHAIRMAN. When was the time of this first negotiation? Let's place the time as well as we can, and was it in California?

Mr. ROSSELLI. Yes; it was in California.

The CHAIRMAN. It was about 1936?

Mr. ROSSELLI. Somewhere along there; yes. Either 1935 or 1936.

Mr. HALLEY. Isn't it a fact that you approached him?

Mr. ROSSELLI. No, sir.

Mr. HALLEY. Did you know Annenberg?

Mr. ROSSELLI. No, sir.

Mr. HALLEY. You never met Annenberg?

Mr. ROSSELLI. I never met Annenberg.

Mr. HALLEY. Did you ever talk to him on the phone?

Mr. ROSSELLI. No, sir.

Mr. HALLEY. Did you ever receive a communication from him directly or indirectly?

Mr. ROSSELLI. Never.

Mr. HALLEY. Or get any to him?

Mr. ROSSELLI. Nothing.

Mr. HALLEY. You never knew him at all?

Mr. ROSSELLI. I never knew him at all. I wouldn't know him if I fell over him.

Mr. HALLEY. I am referring to Moe Annenberg.

Mr. ROSSELLI. Moe Annenberg.

Mr. HALLEY. What happened in 1935 or '36?

Mr. ROSSELLI. After he set up these offices in the Bank of America Building at Sixth and Spring, I don't know, several months went by

and he asked me if I could get any customers and I just referred whatever customers I could to that office and to Normile.

Mr. HALLEY. Did he pay you for that?

Mr. ROSSELLI. Yes, sir.

Mr. HALLEY. What?

Mr. ROSSELLI. It developed that he gave me the first check, I don't quite remember just how much it was, but I know it was a few hundred dollars.

Mr. HALLEY. You had a specific arrangement, didn't you?

Mr. ROSSELLI. He said it ran anywhere from $2\frac{1}{2}$ to 10 percent of his interest, but I could never determine what the percentage was because I didn't have access to the books.

Mr. HALLEY. There were no books that mean anything in that business anyway, were there?

Mr. ROSSELLI. I guess I had to take his word for it. If I wasn't satisfied——

Mr. HALLEY. What do you mean when you say it ran from $2\frac{1}{2}$ to 10 percent?

Mr. ROSSELLI. He told me he would give me 5 percent and then he cut me down to $2\frac{1}{2}$, and then he would give me a little bit more, all according to the business. It fluctuated.

Mr. HALLEY. You wanted 10; didn't you? You asked for 10?

Mr. ROSSELLI. No.

Mr. HALLEY. What do you mean it ran to 10?

Mr. ROSSELLI. Each time he said he had quite a number of other partners that he had, and he either cut them off or put them back on. He just ran his business from his sleeve, I guess.

Mr. HALLEY. What were the considerations that would make a fellow worth either nothing or 2 percent or 10 percent?

Mr. ROSSELLI. I haven't the least idea.

Mr. HALLEY. Did you go to the office?

Mr. ROSSELLI. Occasionally; yes.

Mr. HALLEY. Not often? You didn't go there regularly to work?

Mr. ROSSELLI. Every day? No. I wasn't on the payroll.

Mr. HALLEY. Did you invest any money?

Mr. ROSSELLI. No, sir. You mean with Normile?

Mr. HALLEY. Yes.

Mr. ROSSELLI. Yes. I think it was the sum of \$25,000 or maybe \$20,000 on the race track.

Mr. HALLEY. But none——

Mr. ROSSELLI. In the service.

Mr. HALLEY. None in the wire service.

Mr. ROSSELLI. He said there was no money needed.

Mr. HALLEY. That is right. What were you going to do for your cut in the business?

Mr. ROSSELLI. Get some customers for him.

Mr. HALLEY. What customers did you get him?

Mr. ROSSELLI. To create good will. Bookmakers, I guess.

Mr. HALLEY. Well, Mr. Rosselli, we know that you are not in that business now, and I am hoping you will frankly tell the committee what it meant to get good will for a wire service in 1936.

Mr. ROSSELLI. In 1936 Los Angeles had several hundred, maybe, what you would call open books. You could walk in from the street

into a cigar stand and make a bet. They needed this wire service in this type of service in order for them to function in their business. So occasionally someone would open and I was known in and about Los Angeles, and I would refer them to Normile's office, which was the Nationwide News.

Mr. HALLEY. And what was your influence over these bookmakers?

Mr. ROSSELLI. None at all.

Mr. HALLEY. Was Nationwide competing with anybody else?

Mr. ROSSELLI. Not at all.

Mr. HALLEY. He had no trouble selling wire service?

Mr. ROSSELLI. Yes; he would, I guess; maybe. Some could get along without him and others could not.

Mr. HALLEY. Now, Mr. Rosselli, who could get along without it if they could get it? You know very well the wire service was something that every bookie wanted and really couldn't live without. If he couldn't get it he had to steal it somewhere.

Mr. ROSSELLI. True enough. So they would be stealing it.

Mr. HALLEY. So you didn't have to go around selling it.

Mr. ROSSELLI. So I would probably talk somebody into not stealing it.

Mr. HALLEY. How did you persuade people to not steal it?

Mr. ROSSELLI. Just by discussing it with them.

Mr. HALLEY. You had a lot of friends.

Mr. ROSSELLI. I had a lot of friends; yes.

Mr. HALLEY. Were those the days when you and your friends would get picked up on suspicion?

Mr. ROSSELLI. No. It was quite a number of years before that.

Mr. HALLEY. You had a reputation for being perhaps a tough guy?

Mr. ROSSELLI. I probably did during prohibition.

Mr. HALLEY. That reputation stayed with you, I suppose.

Mr. ROSSELLI. To my sorrow.

Mr. HALLEY. It didn't hurt you much when you were trying to sell wire service; did it?

Mr. ROSSELLI. I don't like it today.

Mr. HALLEY. Isn't it a fact—what we are trying to do is to get this thing, which everybody knows, formulated into words, pretty much the same job you had in the movie industry when you tried to get something on a screen so you could see it. If we can't count on a man like you—

Mr. ROSSELLI. Who has imagination.

Mr. HALLEY. Who says he has reformed and who has the ability and the imagination, then I think there is nobody who has grown out of that picture that we can count on. We will just have to lose all faith in them. What is the story?

Mr. ROSSELLI. If you want a general idea of what I think.

Mr. HALLEY. Yes.

Mr. ROSSELLI. That is one thing, but if you want me to state facts that I can't swear to—after all, I am under oath and I know that I am going to the best of my knowledge, I am going to have to answer these questions truthfully and I will.

Mr. HALLEY. Here is the question: The committee is interested in your ideas, ideas or facts. What are your ideas about this matter?

Mr. ROSSELLI. As to what came up, what formulated, how it came about?

Mr. HALLEY. Yes.

Mr. ROSSELLI. My ideas of what it is today?

Mr. HALLEY. What is the picture of the wire service?

Mr. ROSSELLI. The wire-service company never could get along without local corruption. You know that.

Mr. HALLEY. Explain it. That is the thing. We are getting away from the generalities.

Mr. ROSSELLI. I had nothing to do with that. All I saw was that the books would open and close, and when they would open I would just try to get more customers.

Mr. HALLEY. If the books were open, the cops were being paid off; is that right?

Mr. ROSSELLI. I presume. I had nothing to do with that.

Mr. HALLEY. And certain politicians would have to be paid off.

Mr. ROSSELLI. Would possibly have to be; yes.

Mr. HALLEY. It is not possibly. There is no doubt about it; is there?

Mr. ROSSELLI. I never paid them, so I couldn't tell that.

Mr. HALLEY. But somebody had to pay them and everybody knew it.

Mr. ROSSELLI. Certainly, it was general knowledge; yes.

Mr. HALLEY. Certain people in the community had contacts with either other figures in the gambling business or with politicians.

Mr. ROSSELLI. Oh, yes.

Mr. HALLEY. Or with known racketeers.

Mr. ROSSELLI. Probably hundreds of those; yes.

Mr. HALLEY. But you were one of the few men who had the best contacts, weren't you?

Mr. ROSSELLI. Contacts with——

Mr. HALLEY. You were first known as a tough guy; is that right?

Mr. ROSSELLI. I wouldn't say it that way, Mr. Halley. I got into a few minor scrapes, fist fights as a young fellow, and naturally those things go on, and if you stand on your own toes and fight back you soon get that kind of reputation. The man who is thrown out in the street, that is what happens, naturally.

Mr. HALLEY. You grew up in an era when it was rough and tumble.

Mr. ROSSELLI. Yes.

Mr. HALLEY. You came through to the top in that battle.

Mr. ROSSELLI. I don't know whether it was the top.

Mr. HALLEY. What did a fellow have to do to get made a partner in the wire service? That is the point.

Mr. ROSSELLI. Normile and I——

Mr. HALLEY. What were your qualifications?

Mr. ROSSELLI. Of course there were probably many more fellows who could have, and maybe they were partners, I don't know. I didn't know the partners.

Mr. HALLEY. You would have enough in the way of contacts with various people to warrant your becoming a partner?

Mr. ROSSELLI. Oh, yes. I was very well known and I knew everybody around the town.

Mr. HALLEY. You knew Jack Dragna; is that right?

Mr. ROSSELLI. Yes, sir.

Mr. HALLEY. Did he have anything to do with your becoming a partner?

Mr. ROSSELLI. Not a thing, sir.

Mr. HALLEY. Did he ever call up Normile and say it would be a nice thing if you had Rosselli in with you?

Mr. ROSSELLI. No, sir; not that I know of.

Mr. HALLEY. Did you ever discuss the wire service with Dragna?

Mr. ROSSELLI. Other than I thought that he had an interest or at least knew of some bookmaking or gambling at the time and asked him if he would help out and send some customers and it would help me.

Mr. HALLEY. Did he ever have an interest in the wire service?

Mr. ROSSELLI. To my knowledge at that time?

Mr. HALLEY. At any time.

Mr. ROSSELLI. I don't know at that time, at any time. I wouldn't know. I never discussed it with him.

Mr. HALLEY. How long did you have an interest in the wire service?

Mr. ROSSELLI. From the time that Normile opened until the Nationwide was out and maybe a few months after that with Brophy. I don't know whether you call that an interest. It was probably an abated interest. The Nationwide I think went out of business, the regular wires, went out of business in November 1939, and it was shortly after that that I lost all interest.

Mr. HALLEY. What was the story about Brophy?

Mr. ROSSELLI. He was Ragen's son-in-law.

Mr. HALLEY. He had some trouble, didn't he?

Mr. ROSSELLI. Not that I know of. I don't know.

Mr. HALLEY. Wasn't he subjected to a physical attack?

Mr. ROSSELLI. Yes, he was one time.

Mr. HALLEY. What do you know about that?

Mr. ROSSELLI. I know nothing about it.

Mr. HALLEY. What did you hear about it or read about it?

Mr. ROSSELLI. That somebody went in his office and physically attacked him.

Mr. HALLEY. You don't know who?

Mr. ROSSELLI. Yes, I think there was one man arrested or two men arrested.

Mr. HALLEY. Who were they?

Mr. ROSSELLI. A man by the name of Mike Cohen and Joe Sica.

Mr. HALLEY. Do you know Mike Cohen?

Mr. ROSSELLI. I wouldn't know how to answer that, either. I know who he is. I probably had a nodding acquaintance with him. I have seen him two or three times maybe—

Mr. CHRISTENSEN. Would you fix the time of that?

Mr. HALLEY. At any time.

Mr. CHRISTENSEN. I mean the time when this took place.

Mr. HALLEY. About 1939. That is right; isn't it?

Mr. WHITE. A little later than that. Later than that. The beating took place in the 1940's, early 1940's.

Mr. ROSSELLI. I know it was after the Nationwide. I know that I was backed away from everything at that time.

Mr. HALLEY. You had nothing to do with the wire service after that time?

Mr. ROSSELLI. Other than in an advisory capacity to Brophy. He started a paper called the Los Angeles Journal along about the latter part of 1939 or the early part of 1940. I don't know just how long this went. He had a litigation. Maybe Mr. Christensen can supply some information on that.

Mr. CHRISTENSEN. There is a file out in Los Angeles. The telephone company had advised the Journal that they were going to discontinue the use of their telephones. Brophy was publishing this Journal which would be distributed on the streets or sold, and it would carry a phone number. They would phone in for the information as contradistinguished from the wire service going out. I think Earl Warren was then attorney general, and I was employed by Brophy at the time and got an injunction restraining the telephone company from stopping the use of the phones. That was litigated for a spell and, after Judge Beardsley granted the temporary injunction, the State intervened and ultimately that temporary injunction was dissolved. Then the suit was dismissed and the Journal at that time was liquidated. That file will give pretty much the full history of it.

Mr. HALLEY. Brophy continued the distribution of racing news, is that right?

Mr. ROSSELLI. I presume he did, but I had no contact with him after that.

Mr. HALLEY. You said you were a consultant in a way.

Mr. ROSSELLI. Yes, sir; for the first few months.

Mr. HALLEY. During what period?

Mr. ROSSELLI. In the period that Mr. Christensen mentioned. It was during this time when this case went to court and he lost, and I just backed away from everything.

Mr. HALLEY. Then the case was appealed and you eventually won.

Mr. ROSSELLI. But I knew nothing about that.

The CHAIRMAN. No; eventually lost.

Mr. CHRISTENSEN. Judge Wilson dissolved the temporary injunction. In consequence the telephone company then stopped the telephone service.

Mr. HALLEY. I see. You had the injunction.

Mr. CHRISTENSEN. Yes; we had the injunction and it was dissolved.

Mr. ROSSELLI. I think there was a dissolution of the company. I don't quite remember.

Mr. HALLEY. After that point, did you have anything to do with the distribution of news?

Mr. ROSSELLI. Nothing; nothing at all.

Mr. HALLEY. Particularly the distribution of racing news.

Mr. ROSSELLI. Nothing at all on or after about that time, somewhere around 1940.

Mr. HALLEY. The attack on Brophy came after 1940, up to that point you were active in the business?

Mr. ROSSELLI. I wouldn't say active other than what I have stated. They pulled all the wires out of Nationwide and organized a new company at that time. At that time he was Ragen's son-in-law and I think he became the head of this Los Angeles Journal.

Mr. HALLEY. It was distributing racing news; is that right?

Mr. ROSSELLI. Not racing news. I think what they had was telephones, and they sold this newspaper on all the stands and elsewhere.

They would call in for the race news. There were one or two or three telephone numbers.

Mr. HALLEY. Of course they would use open wires so the news was continuous?

Mr. ROSSELLI. I wouldn't know the function of that.

Mr. HALLEY. Did you know Ragen?

Mr. ROSSELLI. Yes, sir.

Mr. HALLEY. Where did you meet Ragen?

Mr. ROSSELLI. I met Ragen here in his office in Chicago.

Mr. HALLEY. When?

Mr. ROSSELLI. I can't fix the year. I know it was a year or two after I was associated with Normile, on one of my trips East. Normile asked me to stop in to see him.

Mr. HALLEY. What was the subject of your business with Ragen?

Mr. ROSSELLI. The only thing was that Mr. Normile at that time—Mr. Ragen also was clamoring for more revenue. He owned either 40 or 50 or 60 percent of the service.

Mr. HALLEY. Of what service?

Mr. ROSSELLI. The Nationwide.

Mr. HALLEY. Ragen owned the business directly?

Mr. ROSSELLI. Well, I don't know. Annenberg. He was the manager of it. He was running it. Then he asked me to go in and have a chat with Ragen.

Mr. HALLEY. To try to get a better deal?

Mr. ROSSELLI. No, no; to apprise him of the conditions of the town. He would always call every week or so and send out his field men in order to check to see if either somebody was stealing money or not giving Nationwide what they would call the right count.

Mr. HALLEY. Who were some of Ragen's field men?

Mr. ROSSELLI. I don't remember them.

Mr. HALLEY. You have no recollection of them?

Mr. ROSSELLI. Yes. If I would see them, I would know them, but—

Mr. HALLEY. Did you know Pat Burns?

Mr. ROSSELLI. I can't say whether I do.

Mr. HALLEY. You know who he is?

Mr. ROSSELLI. No. I think I read the name in the paper here a day or two ago. I don't know whether I do. I may know him. I don't know for sure.

Mr. HALLEY. How long did you continue to get an income from the racing-news service?

Mr. ROSSELLI. I think it was the latter part of 1939.

Mr. HALLEY. You received an income all during the period Normile had it; is that right?

Mr. ROSSELLI. I think so; yes. It would reflect in my income tax.

Mr. HALLEY. Then did you ever get paid any money from Brophy?

Mr. ROSSELLI. That I can't remember. That I don't know. If it was, it must have been a few hundred dollars, but I just can't answer that truthfully. I have been trying to rack my brain whether I received any and I just can't remember.

Mr. HALLEY. What were the circumstances of Normile's going out and Brophy's coming in?

Mr. ROSSELLI. Well, shall we say a family situation?

Mr. HALLEY. Exactly what was it?

Mr. ROSSELLI. I couldn't answer that. My opinion was that he was Ragen's son-in-law and he was just going to inherit the business; that is all.

Mr. HALLEY. You don't inherit another man's business.

Mr. ROSSELLI. Well, I don't know whether it was another man's business. I wouldn't know whether you would call that another man's business, other than the business belonged to the Nationwide.

Mr. HALLEY. You mean Nationwide actually owned the service?

Mr. ROSSELLI. The service, yes; during the time that Normile had it.

Mr. HALLEY. And who was Nationwide?

Mr. ROSSELLI. Nationwide was Ragen and Annenberg as far as I know.

Mr. HALLEY. Normile had an interest; didn't he?

Mr. ROSSELLI. Yes.

Mr. HALLEY. You had an interest.

Mr. ROSSELLI. No. He had an interest. Normile had an interest in the southern California area. I had an interest with Normile.

Mr. HALLEY. In the southern California area?

Mr. ROSSELLI. In the southern California area.

Mr. HALLEY. Who else had an interest in the southern California area?

Mr. ROSSELLI. I couldn't answer that truthfully. I didn't know.

Mr. HALLEY. Between 1935, let us say, and 1939, what was your total income from the wire service?

Mr. ROSSELLI. To the best of my recollection I would receive monthly checks running anywhere from \$500 to \$2,000 a month, in between those figures.

Mr. HALLEY. And continuously?

Mr. ROSSELLI. Yes, yes; continuously.

Mr. HALLEY. Did you ever receive any cash?

Mr. ROSSELLI. No; never in cash.

Mr. HALLEY. You say you had only 2 percent of this thing?

Mr. ROSSELLI. I don't know. It ran anywhere from $2\frac{1}{2}$ to 10 percent. Normile would say to me, "You have $2\frac{1}{2}$ percent."

Mr. HALLEY. If you had $2\frac{1}{2}$ percent and you got \$2,000 a month, it was a good business.

Mr. ROSSELLI. I think maybe that was the time that they had more business and I probably had a larger percentage.

Mr. HALLEY. How large would it be?

Mr. ROSSELLI. As far as he had told me, it never ran over 10 percent of his interest.

Mr. HALLEY. Of his interest?

Mr. ROSSELLI. Yes.

Mr. HALLEY. And he had only a piece of the whole thing?

Mr. ROSSELLI. He had, I think, his contract called for either 40, 50, or 60 percent of the whole thing.

Mr. HALLEY. The rest went back to Ragen and Annenberg?

Mr. ROSSELLI. I would presume so.

Mr. HALLEY. Who did they have to cut with in Chicago?

Mr. ROSSELLI. I have no idea.

Mr. HALLEY. Let's try to get a picture of the size of this thing for just a moment. Let's take one of your two-thousand-dollar months

just to get the magnitude. Let's say that month you had 10 percent. That would mean there would be \$20,000 a month in it.

Mr. ROSSELLI. Income?

Mr. HALLEY. Income that would go to Normile and his associates, whoever they were.

Mr. ROSSELLI. I would think it ran that high.

Mr. HALLEY. You think it would?

Mr. ROSSELLI. Yes; at times.

Mr. HALLEY. And then at least \$20,000 or \$30,000 a month would go on over to Chicago.

Mr. ROSSELLI. I would think so. I don't think that was for any length of time, 2 or 3 months. It probably was shut down as those things go, you know. You know those things can't go without the city—

Mr. HALLEY. We have been assuming you got 10 percent, but earlier in your testimony when it suited you to have 4 percent, you were stressing 2½ to 5 percent.

Mr. ROSSELLI. It didn't suit me, Mr. Halley. That is what he used to tell me I had.

Mr. HALLEY. Let's say, pushing it as far as you think you can legitimately do it.

Mr. ROSSELLI. That would be reflected by my income tax, too, not the percentage but the amount of money I received. I think I received checks at all times. I may have received cash for my dividends or he cashed my check or handed it to me during that time or that period, but never at any time—whatever I received, in fact, at the end of the year he would send me a slip of what moneys I received from the Gene Normile partnership, which he never stated who the partners were, and I would file. I would check that against the moneys that I had a record of, what I had received from him, and file my income tax on it.

Mr. HALLEY. Who do you think the partners were?

Mr. ROSSELLI. Well, I would hate to venture a guess.

Mr. HALLEY. I am going to ask you to. You were a partner.

Mr. ROSSELLI. I think Brophy, I know, was working. I know he had a salary and Normile at one time told me he had a working interest. He may have had an interest. In fact, I think he did have an interest. The others I really couldn't tell you.

Mr. HALLEY. How about Guy McAfee?

Mr. ROSSELLI. He may have had, I don't know.

Mr. HALLEY. What was his relationship to the business?

Mr. ROSSELLI. I don't know. I never discussed it with him.

Mr. HALLEY. What did you see?

Mr. ROSSELLI. I didn't see anything. I never saw him up there.

Mr. HALLEY. You weren't there very often yourself?

Mr. ROSSELLI. No; not very often.

Mr. HALLEY. Did you know Bugsy Siegel?

Mr. ROSSELLI. Yes, sir.

Mr. HALLEY. How long did you know him before he was killed?

Mr. ROSSELLI. Oh, I don't remember, but I know it was a number of years. He used to come to California all the time.

Mr. HALLEY. Where did he come from?

Mr. ROSSELLI. Chicago.

Mr. HALLEY. He would visit in California?

Mr. ROSSELLI. Yes.

Mr. HALLEY. You would see him when he came?

Mr. ROSSELLI. Yes, sir. I think he has lived there since maybe '34, '35, '36; somewhere along there.

Mr. HALLEY. What business was he in?

Mr. ROSSELLI. To tell you the truth, I never did know what his business was at that time. He seemed to get along all right. He had plenty of money. He went around with the best people.

Mr. HALLEY. Who are the best people?

Mr. ROSSELLI. In that circle, the motion-picture industry. You would always see him with very nice people.

Mr. HALLEY. Who, for instance?

Mr. ROSSELLI. Oh, Countess DeGracio.

Mr. HALLEY. I can just see the wheels working in there, Mr. Rosselli, trying to think "Who can I mention that I won't hurt——"

Mr. ROSSELLI. Not at all.

Mr. HALLEY. "And not do any harm, and that will still satisfy Halley?"

Mr. ROSSELLI. No. I would really like to mention the names, but I can't truthfully say that I saw him with such and such and so and so at a certain time because I can't truthfully answer that.

Mr. HALLEY. I think you can. As a matter of fact, I am just going to ask you about a few people and stop as far as I am concerned. I think others here are going to have some more questions.

In my opinion, and I am going to ask you to think it over—this investigation is far from finished. It is practically just starting. I think you are trying to give this testimony of yours a quick brush over. If you are on our side of the fence, and by our side I mean out of the problem——

Mr. ROSSELLI. I am on the truth's side, Mr. Halley.

Mr. HALLEY. The truth's side is all the truth's side.

Mr. ROSSELLI. Yes.

Mr. HALLEY. I can also tell you that we have had a lot of experience and can distinguish between the people who come in here and sit there and try to find out how much we know and then admit it and the people who just say, "Now here is the story." We have had too many witnesses and we can tell them. There is no point in arguing it, Mr. Rosselli. It will get us nowhere. You will say, "Yes," and I will say, "No." I am speaking for myself, and you will hear from the chairman. I don't think you are doing any more than trying to satisfy us. I think you are making an honest effort to try to give me enough to satisfy me, but are not making an honest effort to tell the truth.

Mr. ROSSELLI. No; I think——

Mr. HALLEY. And the whole truth.

Mr. ROSSELLI. The truth I will tell, the truth I will tell, but if you are going to get me to generalize and just think of what I saw at the time, I wouldn't be telling the truth.

Mr. HALLEY. I think you would. I think you can tell the things that motivated certain actions. I think you can tell more about the things you knew certain people were doing and on which you acted.

Mr. ROSSELLI. I couldn't truthfully say that I knew they were doing it. Do you want me to guess?

Mr. HALLEY. We want to know what you thought. Here is the point. I have spoken to many people whose names you wouldn't even know who are so unimportant in what we call the mob, and it is a concrete, real thing. They all know the story. For you to sit here and say you don't know the score is just almost an insult, Mr. Rosselli.

Mr. ROSSELLI. Mr. Halley, I am sorry—

Mr. HALLEY. It belies this reformation.

Mr. ROSSELLI. I am sorry you feel that way. I am under oath and I am to answer what I know is positive facts.

The CHAIRMAN. Let's get on.

Mr. HALLEY. We will just go down a few more names.

Do you know Joe Adonis?

Mr. ROSSELLI. I can't say whether I do. I may have met him in Chicago.

Mr. HALLEY. Little Augie Pisano?

Mr. ROSSELLI. I have never sat down with him. In knowing them I wish you would explain that and say do you know him, are you friendly with him or what.

Mr. HALLEY. You are a big boy. You answer it. You know what to say. You can say "I knew him well," or "I just met him." I am relying on you to answer.

Mr. ROSSELLI. I do not know him well. I do know him, though.

Mr. HALLEY. Little Augie Pisano?

Mr. ROSSELLI. Yes.

Mr. HALLEY. Johnnie King?

Mr. ROSSELLI. I know the name but I can't say that I remember meeting him.

Mr. HALLEY. Joe Massei?

Mr. ROSSELLI. Yes.

Mr. HALLEY. Tony Gizzo?

Mr. ROSSELLI. Yes.

Mr. HALLEY. Where did you meet Tony Gizzo?

Mr. ROSSELLI. In California.

Mr. HALLEY. When?

Mr. ROSSELLI. During the racing season at Santa Anita.

Mr. HALLEY. With whom did you meet him?

Mr. ROSSELLI. I think he had his wife and maybe somebody else, but it is so unimportant I don't remember.

Mr. HALLEY. Charlie Binaggio?

Mr. ROSSELLI. I don't think I ever met him.

Mr. HALLEY. Jim Balestrere?

Mr. ROSSELLI. No; I don't think I know him.

Mr. HALLEY. Do you know Nitti? Did you know Nitti?

Mr. ROSSELLI. Yes; I had met Nitti.

Mr. HALLEY. Did you know Sam Hunt? Golf Bag Hunt?

Mr. ROSSELLI. I possibly met him, but I wouldn't remember.

Mr. HALLEY. You wouldn't call him a friend of yours?

Mr. ROSSELLI. No.

Mr. HALLEY. Moe Sedway?

Mr. ROSSELLI. Yes.

Mr. HALLEY. How long have you known him?

Mr. ROSSELLI. He has been living in California for quite a number of years. I don't remember in which way, how I met him. That possibly is one of the men that I saw with Siegel.

Mr. HALLEY. Bugsy Siegel?

Mr. ROSSELLI. Yes, sir.

Mr. HALLEY. Do you have any interest of any kind in any enterprise in Las Vegas?

Mr. ROSSELLI. None at all, sir.

Mr. HALLEY. Have you ever?

Mr. ROSSELLI. Never in Las Vegas.

Mr. HALLEY. Palm Springs?

Mr. ROSSELLI. Never in Palm Springs, other than—let me put it this way. Palm Springs Service used to run in there, you know, during those years. My interest was with Normile, and whatever interest that way. That is all.

Mr. HALLEY. Tijuana?

Mr. ROSSELLI. Yes; the Agua Caliente Race Track.

Mr. HALLEY. What about that race track? Will you explain it?

Mr. ROSSELLI. I invested this money with Normile along around 1937, and I think we held it two seasons. He ran the business and again I didn't have access to anything, although I put some auditors in there, but they would only have to take the figures that Mr. Normile would give them. After I think the second season we got our money back with an interest and in 2 weeks he called it back, because he had to reopen the track. After that he just let it go by the wayside. I think the labor department in Mexico took it away from him.

The CHAIRMAN. What was that business at Tijuana?

You put an interest in the race track itself?

Mr. ROSSELLI. Yes. Mr. Normile bought this interest in Agua Caliente for I think a sum. How we bought it was that there was a labor lien against the track and he paid the labor lien off and took possession of the race track. I invested this money with Normile.

The CHAIRMAN. How much did you invest?

Mr. ROSSELLI. I don't remember whether it was twenty or twenty-five thousand dollars. I think it was \$25,000.

Mr. HALLEY. Do you know or did you ever have any interest in any other race track besides Agua Caliente?

Mr. ROSSELLI. No, sir.

Mr. HALLEY. Do you know Jack McGurn?

Mr. ROSSELLI. I wouldn't say that I knew him.

Mr. HALLEY. Did you ever meet him?

Mr. ROSSELLI. I may have.

Mr. HALLEY. Did you?

Mr. ROSSELLI. In my trips either at the hotel, at the Lexington, probably two or three hundred people in and out, I may have seen him.

Mr. HALLEY. You saw him there?

Mr. ROSSELLI. I possibly did; yes. I am not sure. I never sat down to talk with him, but I did see him; yes.

Mr. HALLEY. Did you see Ralph Pierce?

Mr. ROSSELLI. Oh, yes.

Mr. HALLEY. Did you know him?

Mr. ROSSELLI. Yes. I know him. He was indicted with us at the trial.

Mr. HALLEY. Did you know O'Hare?

Mr. ROSSELLI. I can't say that I do; no.

Mr. HALLEY. Did you know Eddie O'Hare?

Mr. ROSSELLI. I can't say that I do. I may have met these men. If I saw them, but I don't remember.

Mr. HALLEY. John Patton.

Mr. ROSSELLI. No; I don't think I ever met him.

Mr. HALLEY. William H. Johnston, the boss at Sportsmans Park here in Chicago?

Mr. ROSSELLI. No; I don't think so.

Mr. HALLEY. You don't think so?

Mr. ROSSELLI. I don't think so.

Mr. HALLEY. Do you know Smiley?

Mr. ROSSELLI. Yes.

Mr. HALLEY. Well?

Mr. ROSSELLI. I knew him since he worked at Paramount as assistant director, and after that.

Mr. HALLEY. When did you first meet Ricca?

Mr. ROSSELLI. I was a youngster living on the West Side here, on Morgan, and I used to go to, that is, my uncle used to take me to a restaurant on Taylor Street, an upstairs walk-up place. I remember him being up there.

Mr. HALLEY. That was a speakeasy; wasn't it?

Mr. ROSSELLI. It was an Italian restaurant.

Mr. HALLEY. Did he work there?

Mr. ROSSELLI. It may have been a speakeasy. They may have sold things, but I didn't drink. I don't know whether he worked there, but I know he was there.

Mr. HALLEY. Did you renew your acquaintance with him when you came back to Chicago?

Mr. ROSSELLI. Yes. Then I think he had a restaurant during 1927. I think he was either managing or owned this restaurant here on the near North Side.

Mr. HALLEY. You still had a lot of relatives here in Chicago when you came back?

Mr. ROSSELLI. No; other than distant cousins.

Mr. HALLEY. Would you visit on the West Side?

Mr. ROSSELLI. Just the neighborhood.

Mr. HALLEY. You had friends?

Mr. ROSSELLI. The neighborhood where I lived.

Mr. HALLEY. You had old friends in the neighborhood?

Mr. ROSSELLI. No.

Mr. HALLEY. Your main contact was the Hotel Lexington with Capone?

Mr. ROSSELLI. I wouldn't call it a contact. I visited there.

Mr. HALLEY. What else brought you to Chicago?

Mr. ROSSELLI. Nothing pertaining to business.

Mr. HALLEY. Who were your friends in Chicago?

Mr. ROSSELLI. Other than the ones that we have spoken about? Offhand, I couldn't say.

Mr. HALLEY. The ones we have talked about were the Capone crowd.

Mr. ROSSELLI. You mean in recent years or then?

Mr. HALLEY. No. You mentioned that you went out to California when you were about 15.

Mr. ROSSELLI. Yes; or thereabouts.

Mr. HALLEY. That would be right after the war; is that right?

Mr. ROSSELLI. Around '22 or '23, somewhere around there. Maybe it was 16 or 17.

Mr. HALLEY. It took a few years to grow up a little bit and then you started coming back here and visiting.

Mr. ROSSELLI. Yes.

Mr. HALLEY. Say about 1928.

Mr. ROSSELLI. After 1927.

Mr. HALLEY. During that period you must have had friends, there must have been somebody you were coming back to visit.

Mr. ROSSELLI. I would go through. No; I wasn't coming back to visit any special person.

Mr. HALLEY. You did go up to the Lexington and see your friends at the Capone headquarters?

Mr. ROSSELLI. Yes. I was very curious. I wouldn't say curious, but I would go there; yes.

Mr. HALLEY. What else would you do? Who did you come to see in Chicago?

Mr. ROSSELLI. I would spend occasional visits here. On one occasion I know I came here to see a Louis fight, that was in later years, and ball games, things of that kind. I gambled a little.

Mr. HALLEY. When did you get involved with Ricca in the movie case?

Mr. ROSSELLI. With Delucia?

Mr. HALLEY. Yes.

Mr. ROSSELLI. I represented, we might say, the picture industry. I worked for Pat Casey, who was labor conciliator for the industry. I was with him for several years, and along about 1941 or 1942 I was indicted—I mean 1943 I was indicted with the rest of them. I met Browne and Bioff along 15, 16, or 17 years ago. In their negotiations out on the west coast, Mr. Bioff was running the industry to his own liking, with others. I would discuss this with Pat Casey, and there were wild and wooly rumors about this man getting money. I was very friendly with Harry Cohen, on whom Bioff called a 1-day strike. I was successful in getting the strike called off.

Mr. HALLEY. How did you do that?

Mr. ROSSELLI. At this time Mr. Cohen was at Palm Springs. He called me on the telephone and told me about the strike being called in the studio. He knew that I had known Browne and Bioff. How he knew it was either through—Mr. Cohen and I used to go to the races, and one day Browne and Bioff stopped by Mr. Cohen's box and knew him and me. We talked and walked away. So he said, I know you know this fellow. Would you like—he knew that I was around Pat Casey, doing some work for him. Would you try to make a contact with Bioff to find out what this thing is. I said why don't you have Mendel Silverberg, who was the attorney, or Mr. Casey do it. He said, "Well, no one seems to find them here this morning."

I said, "You mean you want me to go represent you?"

He said, "Yes." So I talked it over I think that day with Pat Casey. I asked him if he knew what violations there were at this studio. He said that he didn't think there was any. I asked him if he tried to get hold of Bioff that day, and he said he couldn't find him. I went to the telephone. I stopped and had lunch—this was around

11:30 or 12 o'clock—at the Vendome on Sunset Boulevard and tried to get Bioff on the telephone. He told me he wasn't around, that he wasn't available. I knew I had this thing to do for Mr. Cohen, who was my friend. Of course, I didn't think it was the right thing. I didn't think there was any violations there. I went to his office. The girl tried to stop me and I stepped over the railing. There was a low railing there. I went back to his office. He was sitting behind this desk I think with his hat on. He may have had a topcoat. I remember the picture very well. He had a gun on his desk. I said, "I just called you up. What is the idea of your not answering the telephone?"

The CHAIRMAN. Who is this you were calling on?

Mr. ROSSELLI. Bioff. He said, "Well, I think I know what you want." I proceeded to call him names. The reason I did that was because I knew this man was a vicious man. I saw this gun on his desk, but I was on the right side, I guess. I might as well say that. I asked him what the idea was of calling the strike on Cohen. He said, "Well, I found there were violations, and it is not my fault." He said, "Browne ordered me to do it."

I said, "You get Browne on the telephone and I will talk to him." I think he did. In fact, I know he did. I talked to Browne and Browne told me on the phone, he said, "Listen, that is not my doings. That is his. Don't let him kid you."

I hung up and said, "If there are any violations you talk to Harry Cohen and get it straightened out."

He said, "All right." I think we called Harry Cohen at Palm Springs, and Bioff talked to him. We later made an appointment at my apartment. Oh, at that one point Bioff said, "Well, you know, Frank Nitti is my friend."

I said, "To hell with you and Nitti."

He said, "Well, I am going to have to tell him."

I said, "Don't care who the hell you tell. If you have a violation on this studio, you go ahead and call us."

Of course I used some other choice language which I wouldn't want to repeat in front of you gentlemen. I was mad enough to use it at the time.

He met Harry Cohen at my apartment that afternoon, that evening. I sat there with him a few minutes, and we had some words. He said he found the violations. He wouldn't state the violations that he found, but he said the men could go back to work that evening.

Mr. HALLEY. What respect did you command with respect to Bioff and Browne?

Mr. ROSSELLI. I didn't command any respect from Browne but I was going to command it from Bioff that day.

Mr. HALLEY. How?

Mr. ROSSELLI. If he didn't have a violation, I knew that there were rumors around that this man was doing things in the industry which I didn't think were just right and I knew he was getting money somewhere. I didn't know he was getting money, but there were rumors that he was, and he wasn't going to do that to a friend of mine.

Mr. HALLEY. How were you important enough that they cared what you thought?

Mr. ROSSELLI. He didn't seem to care. He called the strike, and I was just showing their hand, I guess. They probably didn't want the things to tumble on top of them maybe.

Mr. HALLEY. Was any money paid?

Mr. ROSSELLI. Not a quarter.

Mr. HALLEY. All the time you were in the wire service business you also worked for the union; is that right?

Mr. ROSSELLI. Not for the union, for the motion picture.

Mr. HALLEY. Motion picture what?

Mr. ROSSELLI. For the labor conciliator of the motion-picture industry, Pat Casey.

Mr. HALLEY. When did you start working for him?

Mr. ROSSELLI. Along about 1933. I met him through the then vice president of Twentieth Century-Fox, Willie Shield, 1933 or 1934, somewhere along there.

Mr. HALLEY. Where were you living in 1933?

Mr. ROSSELLI. I think it was the Garden of Allah.

Mr. HALLEY. I don't know that place.

Mr. ROSSELLI. On Sunset Boulevard. I think it was there.

Mr. HALLEY. Is that an apartment house?

Mr. ROSSELLI. Either that or the Colonial House. It was in that district.

Mr. HALLEY. Did you have an apartment?

Mr. ROSSELLI. Yes; apartment or room. I have forgotten. I think it was a room.

Mr. HALLEY. What was your original salary?

Mr. ROSSELLI. There was no salary. I got some expense money for a while.

Mr. HALLEY. What were you living on in those days?

Mr. ROSSELLI. At that time, to go back—I didn't have too much money, I will tell you that—to go back along about 1933 or 1934 they had a strike in the industry, and the unions, that is the studios, were in difficulty. The unions were trying to get on to this, I don't know whether it was a demand for higher wages or recognition or what it was. I have forgotten just what it was at the time. There was a little rough play around and the studios naturally didn't want it. They didn't want their workers hurt. They needed some cameramen to go back to work, and they had been threatened through some people. They had asked if I could help. I said, "The only way to help is to fight fire with fire. You don't have to knock anybody on the head doing it, but you can just get enough protection for these fellows so no one will approach them with any rough play."

So I think at that time they asked me how much I would charge for this performance of duties. I said, "I don't want anything, but I would like to get a job." I said, "You just pay the men that I will go out and hire to protect these people going to work in the studios, and later on" [inaudible to reporter] "negotiator or assistant or something," which later developed. He gave me some expenses. I said, "You couldn't give me \$100,000 to do this thing, but I will do it for nothing. I will help you all I can."

Within 1 week it was all over.

Mr. HALLEY. I don't think I have any more questions right now.

The CHAIRMAN. Mr. Robinson, do you have any questions?

Mr. ROBINSON. I have a couple, Mr. Chairman.

The CHAIRMAN. All right.

Mr. ROBINSON. Mr. Rosselli, you referred to the physical beating that Brophy got.

Mr. ROSSELLI. I was asked that question; yes.

Mr. ROBINSON. You knew about that?

Mr. ROSSELLI. I knew about it through the papers, and Brophy called me.

Mr. ROBINSON. He called you?

Mr. ROSSELLI. Yes; he called me.

Mr. ROBINSON. What else did they do besides physically beat him?

Mr. ROSSELLI. At that time I had read in the papers—I didn't see the office, that they pulled the wires or the phones from the walls, whatever it was. I didn't know how he was situated.

Mr. ROBINSON. Did Brophy tell you that?

Mr. ROSSELLI. Yes; he did.

Mr. ROBINSON. Did Brophy call you before that beating took place?

Mr. ROSSELLI. Not that I recollect.

Mr. ROBINSON. He never called you and told you to try to use your influence in some way to keep these fellows from chopping up these customers of his?

Mr. ROSSELLI. Chopping up?

Mr. ROBINSON. Yes; going into bookie places of the customers, and chopping up the places.

Mr. ROSSELLI. No, no. I don't recollect him asking me that, and I don't think that he ever asked me that. I can't answer that definitely.

Mr. ROBINSON. Do you know who was going into these bookie places that were customers of Brophy's and tearing them up?

Mr. ROSSELLI. At that time I think I had lost all interest in the thing.

Mr. ROBINSON. I understand that, but do you know anything about that?

Mr. ROSSELLI. I can't truthfully say that I do.

Mr. ROBINSON. Do you know who had anything to do with it?

Mr. ROSSELLI. No, sir.

Mr. ROBINSON. Did you suspect any one having anything to do with it?

Mr. ROSSELLI. No; I didn't.

Mr. ROBINSON. Outside of Cohen and this other fellow you mentioned?

Mr. ROSSELLI. I didn't begin to figure it; no, sir.

Mr. ROBINSON. Do you know whether Dragna had anything to do with it?

Mr. ROSSELLI. I wouldn't; no, sir.

Mr. ROBINSON. You never got a call from Brophy to tell you to keep Dragna from working these places over?

Mr. ROSSELLI. Oh, no, he never mentioned that.

Mr. ROBINSON. Who is in business with Brophy now?

Mr. ROSSELLI. I don't know, sir.

Mr. ROBINSON. Do you know whether Dragna is in business with him?

Mr. ROSSELLI. I don't know, sir.

Mr. ROBINSON. Do you know whether Dragna was ever associated in business with him?

Mr. ROSSELLI. That I do not know.

Mr. ROBINSON. You know nothing about it?

Mr. ROSSELLI. I know nothing about it, sir.

Mr. ROBINSON. Did you ever hear of the Trans-American Co.?

Mr. ROSSELLI. Only what I read in the newspapers at Terre Haute.

Mr. ROBINSON. Did you ever discuss that with Brophy?

Mr. ROSSELLI. Never. It has been several years since I saw Brophy.

Mr. ROBINSON. Do you know whether Dragna was ever associated with the Trans-American Co.?

Mr. ROSSELLI. I don't know anything about it, sir.

Mr. ROBINSON. Do you know whether Siegel ever had any association with the wire service?

Mr. ROSSELLI. I know nothing about it.

Mr. ROBINSON. I am not speaking about Trans-American. I mean the wire service.

Mr. ROSSELLI. I don't think so. I don't know for sure. I don't know that I would know anything like that.

Mr. ROBINSON. What is your present income?

Mr. ROSSELLI. Today?

Mr. ROBINSON. Yes.

Mr. ROSSELLI. Nothing.

Mr. ROBINSON. Do you own an automobile?

Mr. ROSSELLI. Yes, sir.

Mr. ROBINSON. What kind is it?

Mr. ROSSELLI. Cadillac.

Mr. ROBINSON. What year?

Mr. ROSSELLI. 1949.

Mr. ROBINSON. Do you own any other automobiles?

Mr. ROSSELLI. No, sir.

Mr. ROBINSON. Do you have a secretary?

Mr. ROSSELLI. I had. It was Foy's secretary up until a year ago, and today I have no secretary.

Mr. ROBINSON. What are you living on at the present time?

Mr. ROSSELLI. Income from my motion pictures.

Mr. ROBINSON. You do have some income?

Mr. ROSSELLI. It was from the sale, let's say from the sale of the stocks that I had in these two motions pictures that I made in 1948.

Mr. ROBINSON. How much did you make on that?

Mr. ROSSELLI. Approximately \$70,000.

Mr. ROBINSON. \$70,000?

Mr. ROSSELLI. Somewhere along that figure. It will be reflected by my income tax which I turned over to you.

Mr. ROBINSON. You are living on your capital. You don't have any income coming in regularly? No weekly salary?

Mr. ROSSELLI. No weekly salary. I haven't had for quite a while, quite some time.

Mr. ROBINSON. Do you have any possibility of employment?

Mr. ROSSELLI. Yes. I have just purchased a story—not employment, but of doing some work on a picture. I just purchased the published book called the End of the Santa Fe Trail to develop a story and script possibly to make a motion picture out of it.

Mr. ROBINSON. When you were talking with Normile about entering into the wire-service business with him, did you get into it right off with him or did Normile say he would have to check with Annenberg?

Mr. ROSSELLI. He didn't say he would check with Annenberg, but he said, "Don't worry, I will take good care of it."

Mr. ROBINSON. Did you say you wanted 10 percent of the business?

Mr. ROSSELLI. No. I didn't mention it. He mentioned it to me. I made no demands. We just discussed it. Normile and I have always been very friendly.

Mr. ROBINSON. He made no mention of the fact that he would have to check with Annenberg about it?

Mr. ROSSELLI. I don't remember him ever mentioning anything about Annenberg.

Mr. ROBINSON. Do you know Virginia Hill?

Mr. ROSSELLI. No, sir.

Mr. ROBINSON. You never met her?

Mr. ROSSELLI. I don't think I ever did; no.

Mr. ROBINSON. Did you know Sedway and Smiley?

Mr. ROSSELLI. Yes, sir.

Mr. ROBINSON. Do you know Mr. Rosen?

Mr. ROSSELLI. Rosen?

Mr. ROBINSON. Yes.

Mr. ROSSELLI. The Hollywood agent?

Mr. ROBINSON. From New York?

Mr. ROSSELLI. No; I don't think I know him.

Mr. ROBINSON. That is all.

The CHAIRMAN. I have just a few questions, Mr. Rosselli.

Did you employ a lawyer to get a parole when you were in the penitentiary?

Mr. ROSSELLI. No, sir.

The CHAIRMAN. Who represented you?

Mr. ROSSELLI. No one represented me.

The CHAIRMAN. There has been something said about some lawyer in Texas representing the group of you.

Mr. ROSSELLI. Well, he probably represented us, but I had nothing to do with it.

The CHAIRMAN. Did you put up some money for a lawyer?

Mr. ROSSELLI. No, sir.

The CHAIRMAN. You just got out with the rest of them without any legal fee being put up?

Mr. ROSSELLI. Yes, sir.

The CHAIRMAN. Was this Nationwide News Service that you went in with Mr. Normile a wire service out of Chicago? Was that where you got your wire service in from?

Mr. ROSSELLI. I was presuming it was out of Chicago.

The CHAIRMAN. You must know that.

Mr. ROSSELLI. Of course we had at that time——

The CHAIRMAN. Was "Nationwide" the local name or was that the national name?

Mr. ROSSELLI. That was the national name.

The CHAIRMAN. You know where the information from the races came from. Did it come from Chicago or where did it come from?

Mr. ROSSELLI. It came on the Morse wire, and we would also send the race track news to their main office, wherever it was located.

The CHAIRMAN. What race track, Tijuana?

Mr. ROSSELLI. No; Santa Anita, Tijuana, all of them. At that time I think the Nationwide had direct wires into the race tracks.

The CHAIRMAN. "We would send the news," you mean Mr. Normile would send the news?

Mr. ROSSELLI. Yes, Mr. Normile. That office would.

The CHAIRMAN. By telephone or how would it be sent?

Mr. ROSSELLI. By Morse code.

The CHAIRMAN. So it would be sent to Chicago and then sent back out over the country, is that right?

Mr. ROSSELLI. Yes. In the beginning I remember at Santa Anita they had a direct wire into the races.

The CHAIRMAN. This company you were with at the time was Mr. Ragen's and Mr. Burns' company, was it?

Mr. ROSSELLI. I really don't know. I know that Ragen I think was the general manager of Nationwide, and my business was strictly with Normile.

The CHAIRMAN. Mr. Rosselli, what has Mr. Brophy been doing? What did he do after he got out of this Los Angeles Journal?

Mr. ROSSELLI. I don't know. He probably continued. I don't know.

The CHAIRMAN. Did he continue in the racing wire service?

Mr. ROSSELLI. Possibly he did. I don't know for sure.

The CHAIRMAN. What does he do now?

Mr. ROSSELLI. I don't know.

The CHAIRMAN. Do you ever see him?

Mr. ROSSELLI. No, sir. I say I never see him. I may have run into him maybe once in all these years in a restaurant or something.

The CHAIRMAN. He is the son-in-law of Mr. Ragen?

Mr. ROSSELLI. Yes, sir.

The CHAIRMAN. Do you know anything about the Monograph Picture Co.?

Mr. ROSSELLI. Monogram?

The CHAIRMAN. Monogram.

Mr. ROSSELLI. I know there is a picture company. I have a friend there.

The CHAIRMAN. Who is your friend there?

Mr. ROSSELLI. George Burrows.

The CHAIRMAN. Do you know Lou Wolfson, a tall boy from Jacksonville, Fla.?

Mr. ROSSELLI. No, sir.

The CHAIRMAN. There is just one point I want to get cleared up a little bit better, Mr. Rosselli. That is, you went out to California when you were a young fellow and later on when Capone was in his heyday here, you came back to Chicago and you would be around with that group.

Mr. ROSSELLI. Probably visited here. I never stayed here more than 1 or 2 or 3 days.

The CHAIRMAN. How did you keep up your connections with that group? How did you know where they were and who they were and how to get in touch with them?

Mr. ROSSELLI. It was public knowledge in those days where he was.

The CHAIRMAN. I mean, how did you know you were welcome to be with them?

Mr. ROSSELLI. I didn't know whether I was welcome or not.

The CHAIRMAN. Did you correspond with some of them?

Mr. ROSSELLI. Oh, no, sir.

The CHAIRMAN. Do you have some relatives left back in Chicago?

Mr. ROSSELLI. Maybe some distant cousins.

The CHAIRMAN. How did you keep up your contact with them? That is what I want.

Mr. ROSSELLI. Other than just visiting them. Sometimes I would go years without seeing them.

The CHAIRMAN. Then when you came back who would you inquire of? How would you get in touch with them?

Mr. ROSSELLI. I would go to the hotel. I would have some telephone numbers to call, maybe, Fischetti or one or two of the others. I knew of all these fellows, but I didn't know them too well.

The CHAIRMAN. You didn't just go down to the Capone headquarters at the Lexington?

Mr. ROSSELLI. No; I would call, naturally, certainly.

The CHAIRMAN. You wouldn't go down unless you had been in contact with them. What would you go down there for anyway?

Mr. ROSSELLI. Just for normal sporting events and things. I would gamble on baseball games.

The CHAIRMAN. You mean you went down to the Lexington Hotel to gamble?

Mr. ROSSELLI. No; not to gamble, but just general ideas.

The CHAIRMAN. Mr. Rosselli, I think you could be very helpful to us.

Mr. ROSSELLI. I would like to be.

The CHAIRMAN. You look like a man who would like to be helpful, but I don't think you are telling us as much about it as you could tell us.

Mr. ROSSELLI. I wish I could.

The CHAIRMAN. What we want to know is how you in California would keep in contact with these fellows here, and how come you would go down to see them, and when you came here, how you kept up your friendship with them.

Mr. ROSSELLI. Nothing only if they send somebody out to California, some member of their family or friends and they wanted shown through a studio, I would arrange for that.

The CHAIRMAN. Then they would write you?

Mr. ROSSELLI. No, they wouldn't write. They would call. I never had any correspondence with any of them.

The CHAIRMAN. You would call them on the telephone from time to time?

Mr. ROSSELLI. When the occasion arose.

The CHAIRMAN. Who would you call on the telephone in Chicago?

Mr. ROSSELLI. The one I was friendly with was Fischetti.

The CHAIRMAN. Would you call him once a week or once every 2 weeks?

Mr. ROSSELLI. Oh, no.

The CHAIRMAN. Just when anything happened?

Mr. ROSSELLI. Just whenever the occasion arose that I wanted to find out about—I know one time he went to Florida and I wanted him to send me some tips on some horses that I knew they were betting on and were going to make some money on. I never did receive any information on that. I know that one time. There were several other times.

The CHAIRMAN. So Charlie Fischetti was the principal contact link between you in California and him and his friends in Chicago.

Mr. ROSSELLI. I was more friendly with him than I was with anybody else. There would probably be years in between times where I wouldn't see him.

The CHAIRMAN. Did you ever have any dealings with Attorney General Howser out in California?

Mr. ROSSELLI. No, sir.

The CHAIRMAN. Do you know him?

Mr. ROSSELLI. No, I don't think I do.

The CHAIRMAN. Have you ever met him?

Mr. ROSSELLI. No.

The CHAIRMAN. This one bit of income there, you made \$60,000 or \$70,000 in 1 year?

Mr. ROSSELLI. Yes, sir.

The CHAIRMAN. What part in the pictures did you have? Did you direct the pictures or what?

Mr. ROSSELLI. I was an associate producer.

The CHAIRMAN. Associate producer. How did you get into that?

Mr. ROSSELLI. I have always had some knowledge of the picture business. When I came home on parole I went to work at Eagle Lion Studios. I knew I couldn't live long on any \$60 a week without having to borrow money. Mr. Foy thought that I had the ability to become a producer. I was in the process of getting a story down on paper when a prison break broke out in Colorado at that time, and after that Mr. Foy and I were always together. I say always, maybe 90 percent of the time. We developed an idea to do this picture. He was the head of the studio at the time.

The CHAIRMAN. What studio was that?

Mr. ROSSELLI. Eagle Lion Studios. We put a writer to work on this. He first submitted the idea to the studios, to the president of the company. They were in no position or didn't like the idea of the picture. They said if we could get an outside interest to produce this, they would be glad to go along, he and his brother, that is. Mr. Foy said that you and my brother, Charlie, can possibly finance this thing, and if you haven't the money, I will lend you some, or whatever you can do.

I said, "How much money would it take?" He said, "It wouldn't take too much. Maybe we can get it and organize a firm."

So we organized this firm and brought in a man by the name of Robert T. Cain.

The CHAIRMAN. I didn't want you to go into the details.

Mr. ROSSELLI. I am sorry.

The CHAIRMAN. How much interest did you have in the company?

Mr. ROSSELLI. 12½ percent, I think. Oh, no. It figured around 11 percent of the total pictures.

The CHAIRMAN. You made two pictures.

Mr. ROSSELLI. Roughly that. Two pictures, yes.

The CHAIRMAN. Anything else?

Mr. WHITE. I have a few questions I would like to ask.

Were you ever special deputy sheriff in Los Angeles, Mr. Rosselli?

Mr. ROSSELLI. I wasn't special deputy sheriff, if you mean if I have a permit to carry a gun, yes.

Mr. WHITE. You did have a permit to carry a gun?

Mr. ROSSELLI. Yes, but that wasn't special deputy sheriff.

Mr. WHITE. Do you know Sheriff Biscailuz?

Mr. ROSSELLI. Only from seeing him.

Mr. WHITE. You are not personally acquainted with him?

Mr. ROSSELLI. No, sir.

Mr. WHITE. Just so we can get through this quickly, I want to give you the names of a number of people and will you tell me whether you know them and then whether or not you have ever had any business of any kind with them. Never mind what kind of business. Just say yes I do know him and have had some business, or I don't know him.

Mr. ROSSELLI. All right.

Mr. WHITE. Do you know a man by the name of John Stompanata, also known as Highpockets?

Mr. ROSSELLI. I have seen him; but I don't know him.

Mr. WHITE. Do you know a man by the name of Jimmie Rist?

Mr. ROSSELLI. I do not know him.

Mr. WHITE. Do you know Mickey Cohen?

Mr. ROSSELLI. Just a nodding acquaintance, practically.

Mr. WHITE. Business?

Mr. ROSSELLI. No business.

Mr. WHITE. Do you know Mike Howard?

Mr. ROSSELLI. No; I don't know Mike Howard.

Mr. WHITE. Do you know Joe Sica?

Mr. ROSSELLI. From seeing him around during the fight days.

Mr. WHITE. Any business?

Mr. ROSSELLI. No business.

Mr. WHITE. Al Sica?

Mr. ROSSELLI. Wait a minute now. Business? One time here about 2 years ago I had a shirt maker by the name of Jackson who worked for a shirt company, the Savoy Shirt Co. They made six shirts for me. I later reordered some shirts, called the Savoy because they made some good shirts. At that time I found after I ordered the shirts, Mr. Foy ordered some too, that Sica owned the Savoy Shirt Co. That is the only business.

Mr. WHITE. All right, you bought some shirts from him. That goes for Al Sica and Fred Sica too, I suppose?

Mr. ROSSELLI. I don't know them.

Mr. WHITE. Do you know Farmer Page?

Mr. ROSSELLI. Yes, sir.

Mr. WHITE. Do you have any business with him?

Mr. ROSSELLI. No business.

Mr. WHITE. Do you know Al Marco?

Mr. ROSSELLI. Yes, sir.

Mr. WHITE. Any business with him?

Mr. ROSSELLI. No business.

Mr. WHITE. Do you know Bones Remmer?

Mr. ROSSELLI. Yes, sir.

Mr. WHITE. Business?

Mr. ROSSELLI. No business.

Mr. WHITE. Do you know a man named Sabastiano Nani?

Mr. ROSSELLI. I don't know the name. I haven't even heard of the name.

Mr. WHITE. Do you know the LaRocca brothers in San Francisco?

Mr. ROSSELLI. I don't know. I don't think so.

Mr. WHITE. Do you know Nimi Limandri in San Fernando?

Mr. ROSSELLI. I don't recollect the name.

Mr. WHITE. Do you know Jimmie Utley?

Mr. ROSSELLI. Yes, sir.

Mr. WHITE. Any business?

Mr. ROSSELLI. No business.

Mr. WHITE. Do you know Joe Cannon in Fresno?

Mr. ROSSELLI. I don't know him.

Mr. WHITE. Do you know Maxie Crossman or Maxie Weber?

Mr. ROSSELLI. Maxie Weber? From New York?

Mr. WHITE. From New York, Los Angeles, and Mexico.

Mr. ROSSELLI. I don't think that I do. I can't recollect it.

Mr. WHITE. Do you know Meyer Lansky?

Mr. ROSSELLI. Yes, sir.

Mr. WHITE. Business?

Mr. ROSSELLI. No business.

Mr. WHITE. Jack Lansky?

Mr. ROSSELLI. I don't think I do.

Mr. WHITE. Do you know a man named Campagna?

Mr. ROSSELLI. Yes.

Mr. WHITE. Louis Campagna.

Mr. ROSSELLI. Yes, sir.

Mr. WHITE. In the olive oil business.

Mr. ROSSELLI. I beg your pardon.

Mr. WHITE. A man who is in the olive oil business.

Mr. ROSSELLI. The man who was indicted with me.

Mr. WHITE. This is a different Campagna, the one on San Fernando Road.

Mr. ROSSELLI. No, I don't think I do. I may know, but right off hand I don't remember.

Mr. WHITE. Do you know Sam Lima from Lodi, Calif.?

Mr. ROSSELLI. I don't think I do.

Mr. WHITE. Do you know Frank Metranga? From Los Angeles?

Mr. ROSSELLI. The name is familiar, but I don't know whether I know this man.

Mr. WHITE. He is a bookie, among other things. Did you know Tony Carnero?

Mr. ROSSELLI. Yes, sir.

Mr. WHITE. Business with him?

Mr. ROSSELLI. Maybe bought a few cases of whisky from him 20 years ago, sir.

Mr. WHITE. Did you have a piece of his gambling book?

Mr. ROSSELLI. No, sir.

Mr. WHITE. Did you have a piece of any gambling boat?

Mr. ROSSELLI. Which—

Mr. WHITE. Which gambling boat was that?

Mr. ROSSELLI. The boat called *Rose Isle*.

Mr. WHITE. Who were you with in that?

Mr. ROSSELLI. Farmer Page and Toots Shire, Billie Gleason, and all that crowd. There was quite a number of them.

Mr. WHITE. Did you know Black Tony Parmagini?

Mr. ROSSELLI. I did.

Mr. WHITE. Business?

Mr. ROSSELLI. No business.

Mr. WHITE. Do you know Willie Levine who was with Black Tony?

Mr. ROSSELLI. No, I don't think I do.

Mr. WHITE. Did you know a man named Puccinelli who had a fishing boat in Los Angeles?

Mr. ROSSELLI. Which?

Mr. WHITE. Which one.

Mr. ROSSELLI. Dock Puccinelli.

Mr. WHITE. He is now dead.

Mr. ROSSELLI. Now dead; yes, sir.

Mr. WHITE. Did you have any business with him?

Mr. ROSSELLI. No business.

Mr. WHITE. Do you know a bondsman by the name of Red Mahoney?

Mr. ROSSELLI. I will go back to Puccinelli. I may have had business with his office on a bond once.

Mr. WHITE. Do you know a bondsman named Red Mahoney?

Mr. ROSSELLI. I do not think so.

Mr. WHITE. Do you know a man in San Mateo by the name of Georgetti?

Mr. ROSSELLI. No, I don't think I do.

Mr. WHITE. Do you know a man named Sam Murray, also known as Sam Tremaine?

Mr. ROSSELLI. I don't think I do.

Mr. WHITE. In San Mateo. Do you know Frank Milano?

Mr. ROSSELLI. From Cleveland?

Mr. WHITE. Yes.

Mr. ROSSELLI. Yes.

Mr. WHITE. Any business?

Mr. ROSSELLI. No business.

Mr. WHITE. Do you know Tony Milano?

Mr. ROSSELLI. No, sir.

Mr. WHITE. Do you know Al Polizzi?

Mr. ROSSELLI. Yes, sir.

Mr. WHITE. Business?

Mr. ROSSELLI. No business.

Mr. WHITE. Do you know Willie Moretti, Willie Moore?

Mr. ROSSELLI. Yes, sir.

Mr. WHITE. Any business?

Mr. ROSSELLI. No business.

Mr. WHITE. Do you know his brother, Sally?

Mr. ROSSELLI. I don't think so.

Mr. WHITE. Do you know Frankie Foster?

Mr. ROSSELLI. Yes, sir.

Mr. WHITE. Any business?

Mr. ROSSELLI. No business.

Mr. WHITE. How about Eddie Sabati?

Mr. ROSSELLI. I don't think so.

Mr. WHITE. Joe Palm?

Mr. ROSSELLI. I don't think so.

Mr. WHITE. Do you know a man named Nick Impostato?

Mr. ROSSELLI. The name is familiar, but I can't place it. I don't think I know him.

Mr. WHITE. Do you know the Mangano brothers in New York?

Mr. ROSSELLI. I don't know whether I met one of those brothers or not on one of my trips either to Florida or to New York.

Mr. WHITE. Any business?

Mr. ROSSELLI. No business.

Mr. WHITE. Do you know Joe Profaci?

Mr. ROSSELLI. Profaci?

Mr. WHITE. Profaci. P-r-o-f-a-c-i. Wit the Mama Mia Olive Oil Co. in Brooklyn.

Mr. ROSSELLI. I know nothing about the olive oil company. I may know him under a different name.

Mr. WHITE. Sam Maceo?

Mr. ROSSELLI. Yes.

Mr. WHITE. Business?

Mr. ROSSELLI. No business.

Mr. WHITE. Do you know Nicola Gentile?

Mr. ROSSELLI. I don't think so.

Mr. WHITE. Did you know Luciano?

Mr. ROSSELLI. Charles Luciano? Yes.

Mr. WHITE. Any business?

Mr. ROSSELLI. No business.

Mr. WHITE. Do you know Red Italiano in Tampa?

Mr. ROSSELLI. I do not know him.

Mr. WHITE. Do you know Jim Lumia in Tampa?

Mr. ROSSELLI. No, sir.

Mr. WHITE. Frank Calmia?

Mr. ROSSELLI. I don't think so.

Mr. WHITE. Do you know the Siragusa family in New York or Tampa?

Mr. ROSSELLI. I do not think so. Some of these I may have met occasionally, but I know I had no business and no contact.

Mr. WHITE. Have you ever been in the fishing business in California?

Mr. ROSSELLI. No, sir.

Mr. WHITE. Any piece of it in any way, shape, or form?

Mr. ROSSELLI. No.

Mr. WHITE. Have you ever been in the olive-oil business in California or elsewhere?

Mr. ROSSELLI. No, sir.

Mr. WHITE. That is all I have.

The CHAIRMAN. Thank you, Mr. Rosselli.

Mr. CHRISTENSEN. Just one thing. One question earlier was asked in connection with his activities during prohibition and I think the answer was he may have bought or sold something. I think you were in the cafe business at that time.

Mr. ROSSELLI. Yes; the Club New Yorker.

The CHAIRMAN. What is that now?

Mr. ROSSELLI. The Club New Yorker in 1932.

The CHAIRMAN. Where was that?

Mr. ROSSELLI. It was a restaurant with entertainment.

The CHAIRMAN. Mr. Rosselli and Mr. Christensen, we won't need Mr. Rosselli in Chicago any more at this time, but I want him to remain under subpoena so that if we do want him anywhere, we can call him back without the service of any other subpoena.

Mr. CHRISTENSEN. That will be quite satisfactory.

Mr. WHITE. When was the last time you had your gun permit, Mr. Rosselli?

Mr. ROSSELLI. I can't recollect.

Mr. WHITE. You had it since you have been out of prison?

Mr. ROSSELLI. No.

Mr. WHITE. Were you regarded as Mr. Foy's bodyguard?

Mr. ROSSELLI. No, sir.

Mr. WHITE. Have you carried a gun since you have been out of prison?

Mr. ROSSELLI. No, sir.

Mr. WHITE. That is all.

The CHAIRMAN. All right; thank you.

Mr. ROSSELLI. May I clear that for a moment? The gun that I had the permit for was turned over to Mr. Christensen's office, and one of the attorneys down there brought it to my parole officer. When I came back I knew it was in the trunk and I wouldn't touch it.

Mr. WHITE. That is all.

Mr. HALLEY. I want to say that I haven't changed my opinion, Mr. Rosselli. I don't think you have done more than answer questions that you felt you had to answer.

Mr. ROSSELLI. I wish I could be more helpful, Mr. Halley.

Mr. HALLEY. I think you could.

Mr. ROSSELLI. I would only be generalizing and not really be telling the truth, only rumors. I don't think you want that.

Mr. HALLEY. I don't think you have crossed over the line from the defensive to the cooperative at all.

Mr. ROSSELLI. I am sorry that you feel that way.

Mr. HALLEY. I wish you would give it some thought.

The CHAIRMAN. All right, thank you, gentlemen.

Mr. CHRISTENSEN. You are welcome, sir.

The CHAIRMAN. Come around, Mr. Dragna.

Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DRAGNA. I do.

Mr. KURLAND. My name is S. L. Kurland, 541 South Spring Street, Los Angeles.

Mr. HALLEY. You are representing Mr. Dragna as his attorney?

Mr. KURLAND. Yes.

The CHAIRMAN. What is your first name?

Mr. KURLAND. Samuel.

TESTIMONY OF JACK I. DRAGNA, LOS ANGELES, CALIF., ACCOMPANIED BY SAMUEL L. KURLAND, ATTORNEY, LOS ANGELES, CALIF.

Mr. HALLEY. What is your business, Mr. Dragna?

Mr. DRAGNA. Right now?

Mr. HALLEY. Yes.

Mr. DRAGNA. Nothing.

Mr. HALLEY. When did you last have a business?

Mr. DRAGNA. About February. I have been sick now.

Mr. HALLEY. What was your business until February?

Mr. DRAGNA. I was furnishing news to Illinois Sports News, like the morning line, like the scratches.

Mr. WHITE. Louder, please. I can't hear you.

Mr. DRAGNA. Everything pertaining to racing news in California.

Mr. HALLEY. You furnished Illinois Sports News with the racing information from California?

Mr. DRAGNA. Yes.

Mr. HALLEY. Did you receive any information back from Illinois Sports on racing conditions elsewhere?

Mr. DRAGNA. No, sir.

Mr. HALLEY. With whom did you deal at Illinois Sports?

Mr. DRAGNA. With the office.

Mr. HALLEY. We want names.

Mr. DRAGNA. As far as names, I don't remember.

Mr. HALLEY. That is not a satisfactory answer.

Mr. DRAGNA. Anybody that was in the office. They gave me a number to call, and I called.

Mr. HALLEY. You dealt with Illinois Sports News for how many years?

Mr. DRAGNA. Oh, about a year, I guess.

Mr. HALLEY. With whom did you make your arrangements?

Mr. DRAGNA. With one of their representatives.

Mr. HALLEY. What was his name?

Mr. DRAGNA. I think it was Ed Malone or Maloney.

Mr. HALLEY. Were you ever in Chicago before today?

Mr. DRAGNA. Yes, I have been here several times.

Mr. HALLEY. Did you ever come to Chicago to the offices of Illinois News?

Mr. DRAGNA. No.

Mr. HALLEY. Did you ever talk to any of the other persons connected with Illinois News besides Malone, either in Chicago or elsewhere?

Mr. DRAGNA. I don't know who they are. If you mention names, maybe—

Mr. HALLEY. No, I am not going to mention names.

The CHAIRMAN. We are going to get along better, Mr. Dragna and Mr. Kurland—I know we are all anxious to get this hearing over as quickly as possible—if you will tell us very frankly whom you dealt with and the people involved, we will get along a whole lot better, Mr. Dragna. Otherwise, we are going to be at this a long, long time.

Mr. KURLAND. Senator, I have told him to speak frankly, and he said he is going to speak frankly, but the attorney—I presume he is the attorney.

Mr. HALLEY. My name is Rudolph Halley.

Mr. KURLAND. Mr. Halley.

Mr. Halley said to him, "Whom did you deal with who is connected with Illinois Sport News?" He knows, as a lawyer, that Mr. Dragna might be giving an untrue conclusion if he doesn't know that they were representing Illinois. He said, "Who did you ever talk to," I think was his question, "connected with Illinois Sports News?" If he says "nobody," and it turns out later somebody was connected, it makes a perjurer out of an innocent man. If he gives him a name, he can give him an honest and frank and unqualified answer.

Mr. HALLEY. Thank you for the advice.

Mr. DRAGNA, with whom did you ever discuss any business matters connected with Illinois News?

Mr. DRAGNA. I spoke to Malone.

Mr. HALLEY. Anyone else at all?

Mr. DRAGNA. If you want, I can explain the beginning.

Mr. HALLEY. Go ahead.

Mr. DRAGNA. I think it was in 1946 I started the West Coast Publishing Co. We published a sheet called the Blue Sheet. I was buying my service from Trans-American.

Mr. HALLEY. With whom did you deal in Trans-American?

Mr. DRAGNA. Ralph O'Hara.

Mr. HALLEY. Who else?

Mr. DRAGNA. That is all.

Mr. HALLEY. In 1946, did you come to Chicago?

Mr. DRAGNA. No; I did not.

Mr. HALLEY. Did O'Hara come to California?

Mr. DRAGNA. No. It was done by phone.

Mr. HALLEY. Who made the original contact?

Mr. DRAGNA. I made the contact. I heard that they were going into business, and I called up and made arrangements.

Mr. HALLEY. From whom did you hear that O'Hara was going into business?

Mr. DRAGNA. What?

Mr. HALLEY. Who told you O'Hara was going into business?

Mr. DRAGNA. It was a matter everybody was talking about it.

Mr. HALLEY. Go ahead with your story.

Mr. DRAGNA. So sometime in 1947, business was bad and I turned the scratch sheet over to the Illinois Sports News. I think it was Maloney who talked to me about it. I turned everything over to him, the scratch sheet and everything. It was a little behind. They guaranteed to pay it up to date and took it over.

That is the time that they told me that they would give me \$500 a week if I would send them the morning line and all the information that they wanted from the California track.

Mr. HALLEY. Has their arrangement with you been to pay you \$500 a week?

Mr. DRAGNA. Yes.

Mr. HALLEY. And that is all?

Mr. DRAGNA. That is all.

Mr. HALLEY. Who paid the expenses of gathering the information?

Mr. DRAGNA. I did.

Mr. HALLEY. What are your expenses?

Mr. DRAGNA. It all depends. I pay telephone calls, maybe a hundred dollars a week.

Mr. HALLEY. Do you have books for that operation?

Mr. DRAGNA. Yes.

Mr. HALLEY. Will you make them available to the committee?

Mr. DRAGNA. I haven't got them now. I had them.

Mr. HALLEY. Where are they now?

Mr. DRAGNA. The police department came to my home about February, and they took——

Mr. KURLAND. February this year?

Mr. DRAGNA. Yes. They took all papers, all canceled checks. They took everything I had, and took it away.

Mr. HALLEY. What accountants have you had?

Mr. DRAGNA. Leo Stern.

Mr. HALLEY. Who else?

Mr. DRAGNA. He is about the only one I remember.

Mr. HALLEY. What business were you in before 1947?

Mr. DRAGNA. I was in lots of business. I sold olive oil. I shipped some to New York.

Mr. HALLEY. Were you in business with Mo Mo Adamo?

Mr. DRAGNA. Yes.

Mr. HALLEY. How long have you known Adamo?

Mr. DRAGNA. Quite a long time.

Mr. HALLEY. How long?

Mr. DRAGNA. Twenty years or more, I guess.

The CHAIRMAN. Mr. Dragna, first let us get how old you are.

Mr. DRAGNA. How old I am?

The CHAIRMAN. Yes.

Mr. DRAGNA. I am 59 years old. Maybe I didn't understand the question.

Mr. HALLEY. Where were you born?

Mr. DRAGNA. Italy.

Mr. HALLEY. What part of Italy?

Mr. DRAGNA. Corleone, Province of Palermo, in Sicily.

Mr. HALLEY. When did you come to this country?

Mr. DRAGNA. The first time I came here, I think it was 1898, I was 7 years old.

Mr. HALLEY. How long did you stay?

Mr. DRAGNA. I stayed there until 1908, I guess.

Mr. HALLEY. Then you went back?

Mr. DRAGNA. Yes. I was here with my folks, and we all went back.

Mr. HALLEY. When did you come back to this country the second time?

Mr. DRAGNA. In 1914.

Mr. HALLEY. Then did you stay here after that?

Mr. DRAGNA. Yes.

Mr. HALLEY. Are you a citizen?

Mr. DRAGNA. No, sir.

Mr. HALLEY. You are still not a citizen?

Mr. DRAGNA. No.

Mr. HALLEY. Did you ever hear of the Mafia?

Mr. DRAGNA. Outside of what I read in the papers.

Mr. HALLEY. Did you ever hear of it in your home?

Mr. DRAGNA. Oh, no.

Mr. HALLEY. As a child?

Mr. DRAGNA. No.

Mr. HALLEY. Are you willing to state that under oath?

Mr. DRAGNA. Sure.

Mr. HALLEY. Did you ever hear of the Black Hand?

Mr. DRAGNA. Outside of what I read in the paper.

Mr. HALLEY. You never heard of it in your home?

Mr. DRAGNA. No.

Mr. HALLEY. You never heard of it in Sicily?

Mr. DRAGNA. I have heard what I read in the paper.

Mr. HALLEY. Did you know Al Capone?

Mr. DRAGNA. I don't think so; no.

Mr. HALLEY. Did you ever meet him?

Mr. DRAGNA. No.

- Mr. HALLEY. Do you know Charles Fischetti?
- Mr. DRAGNA. Yes.
- Mr. HALLEY. Do you know Tony Gizzo?
- Mr. DRAGNA. I met him once in 1936 out on the coast.
- Mr. HALLEY. Do you know Tony Accardo?
- Mr. DRAGNA. No.
- Mr. HALLEY. You do not?
- Mr. DRAGNA. No.
- Mr. HALLEY. Do you know Jake Guzik?
- Mr. DRAGNA. No.
- Mr. HALLEY. Do you know Phil Kastel?
- Mr. DRAGNA. No.
- Mr. HALLEY. You never met Phil Kastel?
- Mr. DRAGNA. I don't know who he is; no.
- Mr. HALLEY. Did you know Charles Luciano?
- Mr. DRAGNA. I think I met him once or twice.
- Mr. HALLEY. Where?
- Mr. DRAGNA. New York.
- Mr. HALLEY. What part of New York?
- Mr. DRAGNA. Well, I met him at a dinner. I think it was at the Casino de Paree, in 1932.
- Mr. HALLEY. In 1932?
- Mr. DRAGNA. About that.
- Mr. HALLEY. Who gave the dinner?
- Mr. DRAGNA. I don't remember.
- Mr. HALLEY. Do you know Profaci?
- Mr. DRAGNA. Yes.
- Mr. HALLEY. How do you know him?
- Mr. DRAGNA. I have sold him olive oil.
- Mr. HALLEY. Have you visited his home?
- Mr. DRAGNA. I think I did once.
- Mr. WHITE. Speak up, please. I can't hear you over here.
- Mr. HALLEY. What?
- Mr. DRAGNA. I did once.
- Mr. HALLEY. Once?
- Mr. DRAGNA. Yes.
- Mr. HALLEY. Only once?
- Mr. DRAGNA. Once that I remember.
- Mr. HALLEY. Do you know Big Al Polizzi?
- Mr. DRAGNA. You mean from Cleveland?
- Mr. HALLEY. Yes.
- Mr. DRAGNA. Yes; I met him out on the coast.
- Mr. HALLEY. Do you know Mangano, Vincent Mangano?
- Mr. DRAGNA. I have met him; yes.
- Mr. HALLEY. You know him?
- Mr. DRAGNA. Yes.
- Mr. HALLEY. Where did you meet him?
- Mr. DRAGNA. In New York someplace.
- Mr. HALLEY. Do you know Vito Genovese?
- Mr. DRAGNA. I think I have met him.
- Mr. HALLEY. Did you meet him?
- Mr. DRAGNA. Yes.
- Mr. HALLEY. Where?

Mr. DRAGNA. New York.

Mr. HALLEY. When?

Mr. DRAGNA. I don't remember.

Mr. HALLEY. With whom?

Mr. DRAGNA. I don't remember.

Mr. HALLEY. On what occasion?

Mr. DRAGNA. I meet people. You don't remember the occasion.

Mr. HALLEY. Who introduced you?

Mr. DRAGNA. I don't remember. It has been quite a while.

Mr. HALLEY. Do you know Little Augie Pisano?

Mr. DRAGNA. No.

Mr. HALLEY. Do you know Jim Balestrere, from Kansas City?

Mr. DRAGNA. I don't remember.

Mr. HALLEY. Have you ever been in Kansas City?

Mr. DRAGNA. No.

Mr. HALLEY. Never in your life?

Mr. KURLAND. I may tell the witness I don't want him to get into a technical position of not telling the truth.

The CHAIRMAN. We mean longer than to stop through or passing through on the train.

Mr. DRAGNA. I don't think so. I don't remember.

The CHAIRMAN. Speak up, Mr. Dragna. Let us get at these things as best we can.

Mr. HALLEY. Did you know Frank Nitti?

Mr. DRAGNA. No.

Mr. HALLEY. You never met him?

Mr. DRAGNA. No.

Mr. HALLEY. Do you know Rosselli?

Mr. DRAGNA. Yes.

Mr. HALLEY. How long have you known Rosselli?

Mr. DRAGNA. About 20 years or more, I guess.

Mr. HALLEY. Where did you first meet him?

Mr. DRAGNA. California, Los Angeles.

Mr. HALLEY. What was his business then?

Mr. DRAGNA. I don't remember.

Mr. HALLEY. What was your business?

Mr. DRAGNA. Wait a minute. I think I was a rancher at the time, and we had the Club New Yorker, Bonnie Hyman, Rosselli, and myself.

Mr. HALLEY. You were in that with him?

Mr. DRAGNA. Yes.

Mr. HALLEY. Do you know Mickey Cohen?

Mr. DRAGNA. Yes.

Mr. HALLEY. Were you ever in business with him?

Mr. DRAGNA. No.

Mr. HALLEY. No business relationship of any kind?

Mr. DRAGNA. No.

Mr. HALLEY. Do you know Phil Kastel?

Mr. DRAGNA. I do not.

Mr. HALLEY. Do you know Frank Costello?

Mr. DRAGNA. I guess I have met him once or twice.

Mr. HALLEY. Where?

Mr. DRAGNA. New York.

Mr. HALLEY. Where in New York.

Mr. DRAGNA. Well, in Manhattan.

Mr. HALLEY. Where?

Mr. DRAGNA. You know, it is pretty hard to think back.

Mr. HALLEY. It is not hard. It is very simple.

Mr. KURLAND. I think it is difficult. I think the witness should have a chance to think about it.

Mr. HALLEY. If you have any legal points, raise them. Otherwise, please don't interject.

Mr. KURLAND. I think the witness should have a chance to think about those places.

Mr. HALLEY. Please do not——

The CHAIRMAN. You think it over as long as you want to. The question is: Where did you meet Frank Costello in New York, where in New York, a barber shop or his apartment or race track, or where?

Mr. DRAGNA. I have seen him in restaurants. I don't remember just where.

Mr. HALLEY. What restaurant?

Mr. DRAGNA. He is not a person that I know that I have his telephone number or somebody I would call. You would be somewhere, and maybe you meet people there. Maybe you are eating in a restaurant, and so forth. I don't know just exactly. I can't think.

Mr. HALLEY. Where did you get Tony Gizzo's telephone number?

Mr. DRAGNA. Tony Gizzo?

Mr. HALLEY. Why did you carry his number?

Mr. DRAGNA. Who says I carried his number?

Mr. HALLEY. Did you?

Mr. DRAGNA. I don't remember carrying his number.

Mr. HALLEY. Do you know Joe Massei?

Mr. DRAGNA. No.

Mr. HALLEY. Do you know Willie Moretti?

Mr. DRAGNA. Yes.

Mr. HALLEY. Where did you meet him?

Mr. DRAGNA. I believe I met him before I went to California.

Mr. HALLEY. Where?

Mr. DRAGNA. In New York.

Mr. HALLEY. How long were you in New York?

Mr. DRAGNA. I was there—you mean—I lived in New York for 10 years, and then I came back and lived there about 6 months or so, and then I came back here.

Mr. HALLEY. During that time you met Moretti?

Mr. DRAGNA. Yes.

Mr. HALLEY. Did you have any business with Moretti at any time?

Mr. DRAGNA. No.

Mr. WHITE. Did he ever write you in Los Angeles?

Mr. DRAGNA. No.

Mr. WHITE. Didn't he visit you about 1942 in Los Angeles?

Mr. DRAGNA. He was out in Los Angeles. He was sick. He didn't visit me in my home.

Mr. WHITE. Did you see him there?

Mr. DRAGNA. Yes; sure.

Mr. WHITE. Where?

Mr. DRAGNA. He was living——

Mr. WHITE. You went to visit him, isn't that the idea?

Mr. DRAGNA. Yes.

Mr. WHITE. At his apartment or hotel?

Mr. DRAGNA. He had somebody's—he was at somebody's home.

Mr. WHITE. Near Lincolnshire?

Mr. DRAGNA. No.

Mr. WHITE. Newhall?

Mr. DRAGNA. Around Newhall.

Mr. WHITE. It was on a ranch?

Mr. DRAGNA. It was on a ranch; yes.

Mr. KURLAND. Kennelly?

Mr. DRAGNA. It was one of those comedians, the Black Crows.

Mr. WHITE. Moran or Mack?

Mr. DRAGNA. Mack; yes. He rented Mack's place.

Mr. HALLEY. Were you ever in the gambling business at any time?

Mr. DRAGNA. Yes.

Mr. HALLEY. When and where, and with whom?

Mr. DRAGNA. Oh, about 1935, I guess, 1935 or '36.

Mr. HALLEY. Where?

Mr. DRAGNA. Los Angeles.

Mr. HALLEY. What type of gambling?

Mr. DRAGNA. Card games, dice.

Mr. HALLEY. In what establishment?

Mr. DRAGNA. East Seventh Street.

Mr. HALLEY. Was it a restaurant?

Mr. DRAGNA. No.

Mr. HALLEY. Just a room?

Mr. DRAGNA. Yes.

Mr. HALLEY. Who else was in association with you?

Mr. DRAGNA. Nobody.

Mr. HALLEY. You were completely alone?

Mr. DRAGNA. That is right.

Mr. HALLEY. What other times were you in a gambling business of any kind?

Mr. DRAGNA. Yes. I was part owner of the *Mal-Falcolm* gambling boat.

Mr. HALLEY. Where?

Mr. DRAGNA. In Los Angeles, outside the 3-mile limit there from Santa Monica and Long Beach.

The CHAIRMAN. What was the name of it?

Mr. DRAGNA. *Mal-Falcolm*.

The CHAIRMAN. Who were your partners there?

Mr. DRAGNA. A fellow by the name of Burns. It was a corporation. Oswald, Nick Oswald. There was a Bernstein.

Mr. WHITE. Was Carnero on that boat?

Mr. DRAGNA. No. That is about all I remember.

Mr. HALLEY. Any other gambling businesses?

Mr. DRAGNA. Not that I remember.

Mr. HALLEY. At no time?

Mr. DRAGNA. No.

Mr. HALLEY. Have you ever made a political contribution?

Mr. DRAGNA. Probably.

Mr. HALLEY. When is the last one you made?

Mr. DRAGNA. It has been a long time.

Mr. HALLEY. When is the last one?

Mr. DRAGNA. I don't remember.

Mr. HALLEY. Have you made any since 1940?

Mr. DRAGNA. No.

Mr. HALLEY. Do you belong to any political club?

Mr. DRAGNA. No.

Mr. HALLEY. Have you ever?

Mr. DRAGNA. I did at one time; yes.

Mr. HALLEY. When?

Mr. DRAGNA. I don't remember the year. The Italian-American Welfare League.

Mr. HALLEY. Where was that?

Mr. DRAGNA. On Eighteenth and—what is the street east of Figueroa?

Mr. KURLAND. Flower.

Mr. DRAGNA. Eighteenth and Flower in Los Angeles.

Mr. HALLEY. Was that a political club?

Mr. DRAGNA. Sort of, benefit club and political club.

Mr. HALLEY. Did it have insurance benefits, too?

Mr. DRAGNA. No.

Mr. HALLEY. Was it confined in its membership to Italians?

Mr. DRAGNA. Yes.

Mr. HALLEY. Were you an officer?

Mr. DRAGNA. I was president at one time.

Mr. HALLEY. During what period were you president?

Mr. DRAGNA. I don't remember.

Mr. HALLEY. Did it have affiliations with any club in any other place?

Mr. DRAGNA. No. It was more a family affair. We used to go with our families, give dances, and so forth. On elections, we would have judges, and so forth, come up there and make speeches.

Mr. HALLEY. Were you ever in the liquor business during prohibition?

Mr. DRAGNA. Yes.

Mr. HALLEY. During what years?

Mr. DRAGNA. That is pretty hard to say. During prohibition.

Mr. HALLEY. What was your operation?

Mr. DRAGNA. Buying and selling liquor.

Mr. HALLEY. Did you ever hear of the—I asked you if you ever heard of the Mafia. I am going to ask you once more. Did you ever hear of it in your home or from any other person?

Mr. DRAGNA. Not that I remember. It was never spoken of in my home. We didn't know about it. You didn't speak about things you knew nothing about.

Mr. HALLEY. Did you ever hear of the Unione Siciliano?

Mr. DRAGNA. The only thing I have ever heard is what I read in the papers.

Mr. HALLEY. You never heard of it?

Mr. DRAGNA. What I read in the papers. I never heard anybody discuss it.

Mr. HALLEY. Do you know anybody named Paul DeLucca?

Mr. DRAGNA. Is that Paul Ricca?

Mr. HALLEY. No. DeLucca, not DeLucia.

Mr. DRAGNA. No, I don't think so.

Mr. HALLEY. Do you know Ricca?

Mr. DRAGNA. I know Ricca.

Mr. HALLEY. How long have you known Ricca?

Mr. DRAGNA. I don't remember exactly. I have met him out on the coast there.

Mr. HALLEY. Were you ever in the Hotel Lexington headquarters of the Capone gang?

Mr. DRAGNA. What?

Mr. HALLEY. Were you ever in the Hotel Lexington in Chicago?

Mr. DRAGNA. I might have been there once.

Mr. HALLEY. Were you?

Mr. DRAGNA. I think I was.

Mr. HALLEY. I have no further questions at this time, Mr. Chairman.

The CHAIRMAN. Mr. Robinson?

Mr. ROBINSON. You were receiving \$500 a week as Universal Sports News, from the Illinois Sports News?

Mr. DRAGNA. That is correct.

Mr. ROBINSON. When did that stop?

Mr. DRAGNA. About February.

Mr. KURLAND. Mr. Chairman, Mr. Robinson's question reminds me of a fact that I think should appear in the record, sir.

The CHAIRMAN. Move your chair up closer.

Mr. KURLAND. Mr. Robinson's commencement question reminds me of a fact which I believe should appear on the record, sir.

The CHAIRMAN. What is that?

Mr. KURLAND. That is that the Los Angeles Police Department has reported to me, through the city attorney—I don't know whether it is a fact or not—that this committee has all of the records, papers, checks, bills, notes, correspondence, and all other writings of every kind and nature, that were in Mr. Dragna's home where he has lived for the last decade, which were taken from his house, without right or pretense of right, on the night of February 13, 1950.

When I requested, as his attorney, their return, they stated they had turned the papers over to Mr. Robinson in June of this year, at his demand and subpoena.

The CHAIRMAN. Do we have all this?

Mr. HALLEY. May I ask a question? It is not this Mr. Robinson. They are referring to Harold Robinson. Are you making a point, or just stating a fact?

Mr. KURLAND. I am making the point that I am not going to have Mr. Dragna not testify, Mr. Halley, but I object to the use, either as a source of information or otherwise, or at all, by the committee, of papers or information therefrom which were taken from the private home of this man without right or pretense of right.

Mr. HALLEY. You wouldn't deny the committee's right to subpoena papers, would you?

Mr. KURLAND. I wouldn't deny the committee's right to subpoena papers, but if the papers were obtained either by the connivance of or in cooperation with Mr. Harold Robinson, or otherwise, I feel that the committee is in no different position than any other Federal agency.

Mr. HALLEY. Are you asserting that any raid made by the Los Angeles Police Department was made with the request or knowledge or connivance of this committee?

Mr. KURLAND. I wouldn't say it was made with the knowledge or connivance of the committee. I would say it was made with the knowledge and cooperation of Harold Robinson and at his instigation.

Mr. HALLEY. Have you any evidence to back that up? That is a serious charge.

Mr. KURLAND. Yes. I have no evidence that I will present at this time. There is a suit pending in Los Angeles arising out of that raid, and for that reason, among others, I don't want to present what evidence I have, because it will injure the sources of information for that suit.

Mr. HALLEY. Until you are ready to present your evidence, you shouldn't make charges.

Mr. KURLAND. The charges are for the record.

Mr. HALLEY. I demand that you produce your evidence.

Mr. KURLAND. I shall not at this time, sir.

Mr. HALLEY. I think you should produce your evidence or withdraw your charge.

Mr. KURLAND. I will not do either, sir.

Mr. HALLEY. I think your charges are entirely irresponsible, and made with a complete refusal to present any evidence, and are not worthy of any notice by the committee.

The CHAIRMAN. It should be noted the so-called raid was in February 1950.

Mr. KURLAND. Yes.

The CHAIRMAN. This committee was created in May 1950.

Mr. KURLAND. I am aware of that fact, Senator.

Mr. ROBINSON. You don't deny the fact that the information has been obtained from other sources?

Mr. KURLAND. I am speaking about—I think I made a clear statement, but I will repeat it. I am speaking about the use of the committee, directly or indirectly, and its possession of papers, records, documents, letters, correspondence, checks, check stubs, and the various things which you requested in your subpoena duces tecum of Mr. Dragna, which have been illegally obtained from his home by a search and seizure which had neither right nor claim or pretense of right, but was made through sheer force. I feel that the committee, as the representative of a constitutional body, should feel itself amenable to the same laws that they expect us to be amenable to.

Mr. HALLEY. You have made your point.

Is the witness going to continue to answer questions?

Mr. KURLAND. Yes.

May I, for the purpose of the record, just complete it, Mr. Halley?

I ask now for the return of the papers which the committee is holding, which were obtained as a result or by reason of the unlawful raid?

Mr. HALLEY. You have asked for the return of the papers.

Mr. KURLAND. Of course, any papers which are subject to the subpoena, we will promptly produce.

The CHAIRMAN. What papers have you produced here?

Mr. KURLAND. We have produced none, because we have none. Mr. Dragna has no office and has not had an office. They went through his house, seated his family in one room and went through his house and gathered up every single loose paper that was there.

The CHAIRMAN. I know, but since February 1950, he must have some papers.

Mr. KURLAND. He hasn't. As he has told you, Senator, he hasn't engaged in any work or occupation since February of 1950. That was his response, to the first or second question, to Mr. Halley.

Am I stating the record correctly, Mr. Halley?

Mr. HALLEY. I don't know what you mean by "stating the record correctly." As to what?

The CHAIRMAN. When did he quit working for the Illinois Sports News?

Mr. KURLAND. I don't want to put the words in his mouth.

Mr. DRAGNA. February.

The CHAIRMAN. February 1950?

Mr. DRAGNA. That is right.

The CHAIRMAN. Have you done any business at all since February?

Mr. DRAGNA. No. I have been sick.

The CHAIRMAN. Ask specific questions.

Mr. ROBINSON. What I want to find out is, what were they paying you \$500 a week for, the Illinois Sports News?

Mr. DRAGNA. I turned my business over to them. I turned the scratch sheet over, and I was giving them some of my morning line, late jockey changes, track conditions, anything they would ask.

Mr. ROBINSON. Why was that stopped?

Mr. DRAGNA. I don't know. Maybe they didn't like my service no more. There was nothing said about it.

Mr. ROBINSON. Weren't you furnishing selections to them of what is called features?

Mr. DRAGNA. I don't know what they call them. Anything pertaining to race tracks and races in California.

Mr. ROBINSON. Who was in the Universal Sports News with you?

Mr. DRAGNA. I am alone.

Mr. ROBINSON. Were you ever associated in that with Russell Brophy?

Mr. DRAGNA. No.

Mr. ROBINSON. Were you ever associated in any business with Russell Brophy?

Mr. DRAGNA. No.

Mr. ROBINSON. Do you have a brother called Frank Dragna?

Mr. DRAGNA. No; I have a son called Frank Dragna.

Mr. ROBINSON. Was he ever associated in business with Russell Brophy?

Mr. DRAGNA. No. My son was.

Mr. ROBINSON. Was he?

Mr. DRAGNA. My son was 18 years old. He went to the University of Southern California. He joined the Army—

Mr. ROBINSON. Who is Frances Dragna?

Mr. DRAGNA. Frances Dragna is my wife. I wish you would let me finish my story.

Mr. ROBINSON. Go right ahead.

Mr. DRAGNA. He was one of the first 60 that landed on Luzon, and he was hit with a hand grenade and had an eye knocked out. He came back and went back to the university, and in February the Los Angeles Police Department, which is the intelligence squad, went to my home. They searched everything, took everything, and they took

my son, and they kept him a couple of days, and, I don't know where, they got a dozen guns and put them on a table, and they took his picture with my brother and my nephews, and said they found those guns in my house, and they booked them.

Mr. KURLAND. There were no guns in your house, were there?

Mr. DRAGNA. There was nothing in my house. In fact, the newspapers said they were looking for me, and they claimed they returned me the guns. They said they were looking for me in Australia, in Mexico, and in other places. I was in Los Angeles right along.

The ex-chief of police, Worthman, has refused to talk to me. I sent him a letter to undo the injustice that he done to my son, and his only answer was that he is only doing that to arouse me. I have violated no laws, and all this is from the California Crime Commission. They have that much evidence. I haven't done nothing. I don't know what they are trying to do. So there is a deal between the California Crime Commission and part of the Los Angeles Police Department, which is the intelligence squad, that they will clear the Los Angeles Police Department providing they will arrest me and my whole family.

They took two of my nephews in the Century Market, which they own.

Mr. KURLAND. A small grocery store?

Mr. DRAGNA. A grocery store. They went in there with guns and held them up and put handcuffs on them. They closed their business.

Mr. KURLAND. For the record, all those men were released without any charges after about 3 days.

The CHAIRMAN. Let us get on.

Mr. ROBINSON. What is the Latin Import & Export Co.?

Mr. DRAGNA. It is a banana business.

Mr. ROBINSON. Do you own that?

Mr. DRAGNA. It is a corporation. I own part of it. That is my boy.

Mr. ROBINSON. Was the Universal Sports News a corporation?

Mr. DRAGNA. No.

Mr. ROBINSON. Was it a partnership?

Mr. DRAGNA. No. Well, it had my wife in on it. The taxes.

Mr. ROBINSON. Why would checks you received from the Universal Sports News be endorsed to the Latin Import & Export Co.?

Mr. DRAGNA. Why?

Mr. ROBINSON. Yes.

Mr. DRAGNA. Well, I loaned some money there.

Mr. ROBINSON. You just endorsed the checks over?

Mr. DRAGNA. No; I didn't endorse the checks over.

Mr. ROBINSON. Did you ever endorse any check over?

Mr. DRAGNA. I gave them my checks there. I loaned them. But it was \$2,000 or \$3,000. I don't remember what it was.

Mr. ROBINSON. That was one of the means by which you made the loans, by endorsing checks from Universal Sports News?

Mr. DRAGNA. I have loaned them money on several occasions, and I probably might have cashed a check there. I don't know what check you are alluding to.

Mr. ROBINSON. Let me ask you this: When you made arrangements for the Universal Sports News, didn't you make those arrangements with George Kelly?

Mr. DRAGNA. Not directly.

Mr. ROBINSON. Do you know who George Kelly is?

Mr. DRAGNA. I never met the man, but he is one of the officials, I presume, of the Illinois Sports News.

Mr. ROBINSON. Do you know who the other officials are?

Mr. DRAGNA. No.

Mr. ROBINSON. You never had any dealings with him with respect to making this \$500 a week arrangement?

Mr. DRAGNA. Not directly; no. With their representatives. I never done no business with him. I don't even know them. I might have spoken to him on a phone, but I have never made no deal directly.

Mr. ROBINSON. Did you say you came to Chicago to make that deal?

Mr. DRAGNA. No.

Mr. ROBINSON. Where was it made?

Mr. DRAGNA. In Los Angeles.

Mr. ROBINSON. Do you remember what the time was?

Mr. DRAGNA. No; I don't remember.

Mr. ROBINSON. Do you know a man by the name of Russo?

Mr. DRAGNA. No.

Mr. ROBINSON. Do you recall being arrested or picked up around 1930 at the time when you were in an automobile transporting some money from the *Mal-Falcolm* business?

Mr. DRAGNA. Yes.

Mr. ROBINSON. Who was in the car with you at that time?

Mr. DRAGNA. I think it was myself, John Canzaneri, Johnny Rosselli, and Charlie Fischetti.

Mr. ROBINSON. What was Fischetti's name that he gave at that time?

Mr. DRAGNA. I don't remember.

Mr. ROBINSON. You don't recall his giving the name of Russo?

Mr. DRAGNA. It has been so long. I know he was there. He was arrested.

Mr. ROBINSON. Was Fischetti a partner in that business with you?

Mr. DRAGNA. No.

Mr. ROBINSON. What was the occasion of his being in the car?

Mr. DRAGNA. The only occasion I remember is that they were on the boat there, and I was coming home, and I gave them a ride.

Mr. ROBINSON. He had no interest in that boat at all?

Mr. DRAGNA. No.

Mr. ROBINSON. Did Rosselli have an interest in the boat?

Mr. DRAGNA. No.

Mr. ROBINSON. What was he in the car for?

Mr. DRAGNA. I told you, I was coming home from the boat. I knew them, and I was going into Long Beach, and I gave them a ride to town.

Mr. ROBINSON. What else did you have in the car besides the money?

Mr. DRAGNA. What do you mean, what else?

Mr. ROBINSON. Did you have anything else in the car besides the occupants and the money?

Mr. DRAGNA. I wish you would explain.

Mr. ROBINSON. Did you have any guns in the car?

Mr. DRAGNA. Yes.

Mr. ROBINSON. What did you have?

Mr. DRAGNA. I don't remember. I had a revolver. I had a permit for it.

Mr. ROBINSON. Did you have a machine gun?

Mr. DRAGNA. No.

Mr. ROBINSON. Did you have anything else besides a revolver?

Mr. DRAGNA. What?

Mr. ROBINSON. Did you have anything else besides the revolver?

Mr. DRAGNA. There were some revolvers there.

Mr. ROBINSON. How many revolvers?

Mr. DRAGNA. I don't remember. It has been so long.

Mr. ROBINSON. That isn't too hard to remember.

Mr. DRAGNA. It isn't material, anyway. I don't know what you are trying to dig.

Mr. ROBINSON. Let me determine what I am trying to dig. You just refresh your recollection and see if you can remember how many revolvers you had.

Mr. DRAGNA. I don't remember.

Mr. ROBINSON. That is the question. You don't remember?

Mr. DRAGNA. No; not exactly. I admitted to you——

Mr. ROBINSON. You had more than one?

Mr. DRAGNA. Yes.

Mr. ROBINSON. Were they all yours?

Mr. DRAGNA. Some of them; yes.

Mr. ROBINSON. Well, who owned the other ones?

Mr. DRAGNA. Johnny Canzaneri owned one. He had a permit to carry it.

Mr. ROBINSON. Who owned the other ones? You had a permit to carry one revolver, isn't that right?

Mr. DRAGNA. I am willing to answer all questions, but if you are going to dig into something — they dismissed the case.

Mr. ROBINSON. I understand that.

Mr. DRAGNA. So there was nobody robbed. I had money taking it home from the boat. I had it for my own protection. I had a permit for it. I don't know what you are attempting to do.

The CHAIRMAN. Mr. Dragna, we are not concerned with your guilt or innocence. All we want to know is how many guns you had in the automobile, and who had them.

Mr. DRAGNA. I know that I had some guns in the automobile, and I had a permit. I know Johnny Canzaneri had a permit. I don't know—if you tell me what you are trying to dig at, I can answer my questions right away and we will get through right away. I am willing to answer all questions.

Mr. ROBINSON. Did Fischetti have a gun?

Mr. DRAGNA. I didn't see no gun on him; no.

Mr. ROBINSON. Did Rosselli have a gun?

Mr. DRAGNA. I didn't see no gun on him.

Mr. ROBINSON. The other ones were just extras, is that right?

Mr. DRAGNA. Yes.

Mr. ROBINSON. O. K., that is all.

One more question. What is the Rose Maria?

Mr. DRAGNA. Rose Marie was a corporation, a dress shop. We used to manufacture dresses, blouses.

Mr. ROBINSON. Who owned that?

Mr. DRAGNA. I was one of the owners.

Mr. ROBINSON. Who else?

Mr. DRAGNA. Capridi, Cotzaro—it was a corporation, anyway. Those are the main ones I remember.

Mr. ROBINSON. Do you have any income at the present time?

Mr. DRAGNA. No.

Mr. ROBINSON. How do you live? I mean, what pays your way now? What is your source of money?

Mr. DRAGNA. I haven't got any source of money. I have a son that owns part of a cocktail bar in San Diego.

Mr. ROBINSON. Is he supporting you?

Mr. DRAGNA. I had a little money that I made in the past, and I have been using that.

Mr. ROBINSON. How much was that?

Mr. DRAGNA. I don't know.

Mr. ROBINSON. You don't know how much money you have?

Mr. DRAGNA. I have no money at the present.

Mr. ROBINSON. Do you have a safe deposit box?

Mr. DRAGNA. Yes.

Mr. ROBINSON. Do you have any money in that?

Mr. DRAGNA. No.

Mr. ROBINSON. You are absolutely strapped? You don't have any money at all?

Mr. DRAGNA. Nothing that I could talk about.

The CHAIRMAN. Mr. Dragna, you might not think that \$20,000 is worth talking about, but to me \$100 is worth talking about.

Mr. KURLAND. I will stipulate that \$20,000 is worth talking about.

Mr. HALLEY. How much do you have in any bank account?

Mr. DRAGNA. In a bank account, probably about \$50.

Mr. HALLEY. In what bank?

Mr. DRAGNA. The Bank of America.

Mr. HALLEY. What branch?

Mr. DRAGNA. The Textile Branch on Ninth and Los Angeles.

Mr. HALLEY. Is that the only bank account you have?

Mr. DRAGNA. Yes.

Mr. HALLEY. Has your wife a bank account?

Mr. DRAGNA. No.

Mr. HALLEY. Has your son a bank account?

Mr. DRAGNA. What?

Mr. HALLEY. Has your son a bank account?

Mr. DRAGNA. I think he has.

Mr. HALLEY. Where?

Mr. DRAGNA. I am not sure.

Mr. HALLEY. Where do you think?

Mr. DRAGNA. I think it is the—I don't know. I think it is the California Bank.

Mr. HALLEY. Do you have any cash?

Mr. DRAGNA. Four hundred dollars or five hundred dollars that I borrowed.

Mr. HALLEY. From whom did you borrow it?

Mr. DRAGNA. From a friend of mine.

Mr. HALLEY. Who?

Mr. DRAGNA. Jesus, as I to be embarrassed by that and embarrass somebody else?

Mr. HALLEY. I am sorry it embarrasses you, but it is a fair question.

Mr. DRAGNA. I don't care to name who I borrowed money from.

Mr. HALLEY. We will wait until the chairman orders you to. I will suspend until the chairman returns.

Will you stipulate as to when the chairman left the room?

Mr. KURLAND. He is coming back.

(Discussion off the record.)

Mr. HALLEY. Will you note that the chairman is back?

In what bank is your bank account?

Mr. DRAGNA. The Bank of America.

Mr. HALLEY. What branch?

Mr. DRAGNA. The Textile Branch, Ninth and Los Angeles.

Mr. HALLEY. Does your wife have a bank account?

Mr. DRAGNA. No.

Mr. HALLEY. Does your son have a bank account?

Mr. DRAGNA. She has a joint account.

Mr. HALLEY. With yours?

Mr. DRAGNA. She doesn't, but she could sign checks if she wants to. I don't believe she ever had.

Mr. HALLEY. Does your son have a bank account?

Mr. DRAGNA. Yes.

Mr. HALLEY. Where?

Mr. DRAGNA. I think it is the California Bank. I am not sure.

Mr. HALLEY. How much money have you got in your bank account?

Mr. DRAGNA. Approximately \$50.

Mr. HALLEY. No more than that?

Mr. DRAGNA. No.

Mr. HALLEY. How much cash do you have?

Mr. DRAGNA. About \$400.

Mr. HALLEY. You have no more cash in your possession?

Mr. DRAGNA. No.

Mr. HALLEY. Do you have any cash anyplace else?

Mr. DRAGNA. No.

Mr. HALLEY. Does your wife have any cash?

Mr. DRAGNA. Not that I know of.

Mr. HALLEY. Does your son have any cash that you gave him or that he is holding for you?

Mr. DRAGNA. What is that?

Mr. HALLEY. Does your son have any cash that you know of?

Mr. DRAGNA. He might have some.

Mr. HALLEY. Does he hold any cash for you?

Mr. DRAGNA. No.

Mr. HALLEY. Did you ever give him any cash in the last 2 years?

Mr. DRAGNA. Probably I have.

Mr. HALLEY. How much?

Mr. DRAGNA. I don't know. I don't remember. He is my son. I don't keep track of what I give my children or my wife or my family. I don't think it is anybody's business even to ask those questions.

Mr. HALLEY. I am very glad to have your opinion.

Have you given your son any sums in excess of a thousand dollars in the last 2 years?

Mr. DRAGNA. Have I given my what?

Mr. HALLEY. Your son any sums in excess of \$1,000.

Mr. DRAGNA. I refuse to answer those questions between family affairs.

(Witness conferring with counsel.)

Mr. DRAGNA. I don't know the sense of it.

The CHAIRMAN. It is a matter for us to determine whether there is some sense to it or not. You either answer them or not answer them, one way or the other.

Mr. KURLAND. May I confer with the witness for a moment?

The CHAIRMAN. All right.

(Witness conferring with counsel.)

Mr. KURLAND. Would you read the question to the witness, please?

Mr. HALLEY. Read it, please.

(The question referred to was read by the reporter as follows:)

Have you given your son any sums in excess of a thousand dollars in the last 2 years?

Mr. KURLAND. You mean at any one particular time, Mr. Halley?

Mr. HALLEY. Let's say at any one particular time.

Mr. DRAGNA. No; but his mother gave him some money to buy a delicatessen. I don't know exactly how much it was.

Mr. HALLEY. Does your wife, to your knowledge, have any sums of money in cash?

Mr. DRAGNA. I don't know whether my wife has saved anything.

Mr. HALLEY. You say she gave your son money to buy a delicatessen?

Mr. DRAGNA. A partnership.

Mr. HALLEY. How much money did she give him?

Mr. DRAGNA. I don't know.

Mr. HALLEY. Where is the delicatessen?

Mr. DRAGNA. In fact, they just sold it. It is in escrow right now. It is on Melrose Street.

Mr. HALLEY. Your son also owns a part interest in a bar?

Mr. DRAGNA. That is correct.

Mr. HALLEY. In San Diego?

Mr. DRAGNA. That is correct.

Mr. HALLEY. Has your son any other businesses?

Mr. DRAGNA. No.

Mr. HALLEY. Where did you get the money to come east?

Mr. DRAGNA. What?

Mr. HALLEY. Where did you get the money to come east?

Mr. DRAGNA. Mr. Kurland paid for the tickets.

Mr. HALLEY. You said a few minutes ago you had to borrow \$400 or \$500 from somebody, is that correct?

Mr. DRAGNA. I did, the hotels and so forth. The fares he paid with his own check.

Mr. HALLEY. From whom did you borrow the money?

Mr. DRAGNA. I borrowed \$400 from him.

Mr. KURLAND. Mr. Halley, the marshal in Los Angeles informed me they were sending the fare for him, that the committee was sending the fare for him. I told the marshal I didn't want to take any chance on Mr. Dragna's being embarrassed, and I would advance the funds. He said the check would be waiting for him in the marshal's office upon his return.

Mr. HALLEY. Is it your testimony that you have no cash assets whatsoever in excess of \$500?

Mr. DRAGNA. That is correct.

Mr. HALLEY. Does anybody owe you money?

Mr. DRAGNA. No.

Mr. HALLEY. Do you own a house?

Mr. DRAGNA. I own what I have paid. We have a house. I pay \$46.68 a month.

Mr. HALLEY. Where is the house?

Mr. DRAGNA. 3927 Hubert Avenue.

Mr. HALLEY. Do you own an automobile?

Mr. DRAGNA. Yes.

Mr. HALLEY. What kind?

Mr. DRAGNA. I own a 1947 Cadillac.

Mr. HALLEY. Does your son own an automobile?

Mr. DRAGNA. Yes.

Mr. HALLEY. What kind?

Mr. DRAGNA. A Ford.

Mr. HALLEY. What year?

Mr. DRAGNA. It is either 1949 or 1950.

Mr. HALLEY. On what do you live these days?

Mr. DRAGNA. What?

Mr. HALLEY. On what do you live, what money do you use to pay your living expenses?

Mr. DRAGNA. Well, I have been using what I had.

Mr. HALLEY. And now it is all gone?

Mr. DRAGNA. And now it is all gone.

Mr. HALLEY. Do you own any other real estate besides the house you live in?

Mr. DRAGNA. No.

Mr. HALLEY. Do you own any stocks or bonds?

Mr. DRAGNA. No.

Mr. HALLEY. Does your wife own any real estate?

Mr. DRAGNA. No, outside of that house, for which we haven't paid.

Mr. HALLEY. Does she own any stocks or bonds?

Mr. DRAGNA. No.

Mr. HALLEY. Do you still own an interest in an olive-oil company?

Mr. DRAGNA. No.

Mr. HALLEY. When did you dispose of that?

Mr. DRAGNA. It was never a company. You just go out and buy some and ship it. It ended the same year.

Mr. HALLEY. What year?

Mr. DRAGNA. I mean, when I did handle it, it wasn't a steady thing.

Mr. HALLEY. So your testimony is that at the present time, except for the house you live in, you have no assets whatsoever of any nature or description, except the \$500?

Mr. DRAGNA. That is correct.

Mr. KURLAND. Mr. Halley, he described other things, like the automobile, you understand.

Mr. HALLEY. And a Cadillac automobile.

Mr. KURLAND. Whatever he has described.

Mr. HALLEY. Do you own any expensive jewelry?

Mr. DRAGNA. No.

Mr. HALLEY. Would you say that you own any jewelry to a value in excess of a thousand dollars?

Mr. DRAGNA. No. I hardly got any jewelry at all.

Mr. HALLEY. Does your wife?

Mr. DRAGNA. Well, my wife has things, but I haven't got no jewelry.

Mr. HALLEY. What is the value of your wife's jewelry?

Mr. DRAGNA. I wouldn't know.

Mr. HALLEY. Is it in excess of \$5,000.

Mr. DRAGNA. Oh, no.

Mr. HALLEY. Did you pay in excess of \$5,000 for it?

Mr. DRAGNA. Did I what?

Mr. HALLEY. Did you pay more than \$5,000 for her jewelry?

Mr. DRAGNA. I didn't say that I bought her jewelry yet. I have given her presents now and then.

Mr. HALLEY. Jewelry?

Mr. DRAGNA. Yes. Maybe a little ring or a wrist watch, and stuff like that.

Mr. HALLEY. Was the total cost of all you gave her as much as \$5,000?

Mr. DRAGNA. I wouldn't know.

Mr. HALLEY. Is it over \$1,000?

Mr. DRAGNA. I wouldn't know.

Mr. HALLEY. Is it over \$10?

Will the record show that the witness just doesn't answer.

Did you ever hear of the Globe Distributing Co.?

Mr. DRAGNA. Yes.

Mr. HALLEY. What business was it in?

Mr. DRAGNA. That was connected with the West Coast Publishing Co. They were the distributors for the West Coast Publishing Co.

Mr. HALLEY. You owned West Coast Publishing?

Mr. DRAGNA. Well, I had some partners.

Mr. HALLEY. Who were your partners? Was Bugsy Siegel a partner?

Mr. DRAGNA. No.

Mr. HALLEY. Was Smiley a partner?

Mr. DRAGNA. No.

Mr. HALLEY. Was Jack Guzik a partner?

Mr. DRAGNA. No.

Mr. HALLEY. Were you ever in any business or did you ever have any business relationships with Jack Guzik?

Mr. DRAGNA. No.

Mr. HALLEY. Or with Al Smiley?

Mr. DRAGNA. No.

Mr. HALLEY. Or with Bugsy Siegel?

Mr. DRAGNA. No.

Mr. HALLEY. Was Mickey Cohen a partner?

Mr. DRAGNA. No.

Mr. HALLEY. Have you ever had any business dealings with Mickey Cohen?

Mr. DRAGNA. No.

Mr. HALLEY. At no time?

Mr. DRAGNA. At no time.

Mr. HALLEY. Who were your partners in West Coast Publishing?

Mr. DRAGNA. Ted Davidson, Irving Emnis.

Mr. HALLEY. Did they hold their interest for anybody else's benefit, to your knowledge?

Mr. DRAGNA. No, no, no.

Mr. HALLEY. Have you ever met Jack Guzik?

Mr. DRAGNA. No.

Mr. HALLEY. Have you ever met Murray Humphreys?

Mr. DRAGNA. Yes.

Mr. HALLEY. When and where?

Mr. DRAGNA. I met him in Los Angeles.

Mr. HALLEY. In 1947?

Mr. DRAGNA. No. It was longer than that.

Mr. HALLEY. How long?

Mr. DRAGNA. I don't remember. It might have been about 8 or 10 years. I don't remember that. I think it was in 1947.

Mr. HALLEY. At what point were you told that Trans-American would no longer furnish information to West Coast Publishing?

Mr. KURLAND. You mean what date?

Mr. HALLEY. What date?

Mr. DRAGNA. I don't remember exactly.

Mr. HALLEY. Sometime in 1947?

Mr. DRAGNA. I think it was in 1947; yes.

Mr. HALLEY. Then you had to make a deal with Continental to get your wire service?

Mr. DRAGNA. No.

Mr. HALLEY. What happened?

Mr. DRAGNA. I turned over my scratch sheet and business to representatives of the Illinois Sports News. I think I answered that before.

Mr. HALLEY. What was his name?

Mr. DRAGNA. The representative? Ed Maloney. I turned everything over to Ed Maloney.

Mr. HALLEY. At the time that Trans-American stopped?

Mr. DRAGNA. About that time.

Mr. HALLEY. Was that the occasion of your turning it over to Maloney?

Mr. DRAGNA. That was one. The other thing, it was losing money.

Mr. HALLEY. Were you having any trouble with Bugsy Siegel about the wire service at that time?

Mr. DRAGNA. I never knew that Bugsy Siegel was in the wire service.

Mr. HALLEY. Was he trying to get into it at that time?

Mr. DRAGNA. Not that I know of; no.

Mr. HALLEY. Did you ever have a discussion with Murray Humphreys about Bugsy Siegel?

Mr. DRAGNA. No.

Mr. HALLEY. Did you ever have a discussion with Murray Humphreys about the wire service?

Mr. DRAGNA. No.

Mr. HALLEY. Thank you, that is all.

The CHAIRMAN. Mr. White, do you have any questions to ask?

Mr. WHITE. One or two, sir.

Do you know Joe Sica?

Mr. DRAGNA. Yes.

Mr. WHITE. Do you have any business with him?

Mr. DRAGNA. No.

Mr. WHITE. At any time?

Mr. DRAGNA. No.

Mr. WHITE. Do you know the attorney general, Fred Howser?

Mr. DRAGNA. Yes.

Mr. WHITE. Did you ever contribute anything to his campaign?

Mr. DRAGNA. Not that I know of, no.

The CHAIRMAN. Not that you know? You know whether you did or not.

Mr. DRAGNA. No, I did not.

Mr. WHITE. How do you happen to know Attorney General Howser?

Mr. DRAGNA. He was our district attorney.

Mr. WHITE. Did you ever have business with him?

Mr. DRAGNA. No, I never had no business.

Mr. WHITE. Do you know him personally?

Mr. DRAGNA. I met him several times. I was managing the Do-Dee Club at one time, and he came in that club.

Mr. WHITE. Do you know Sheriff Biscailuez?

Mr. DRAGNA. Yes.

Mr. WHITE. Did you ever have any business with him?

Mr. DRAGNA. No.

Mr. WHITE. Are you personally acquainted with the sheriff?

Mr. DRAGNA. Yes.

Mr. WHITE. Were you ever arrested in connection with finding some machine guns out near Arcadia?

Mr. DRAGNA. Not that I remember.

Mr. WHITE. Have you ever been convicted of a crime?

Mr. DRAGNA. What do you mean, a crime?

Mr. WHITE. Have you ever been convicted for a violation of the law, outside of a traffic offense?

The CHAIRMAN. That is, has a judge or jury ever pronounced you guilty of something?

Mr. KURLAND. Senator, that requires an explanation. I think there was a conviction, with a reversal and no further prosecution.

The CHAIRMAN. Then let him state whether he was convicted, and if you want to give the explanation about its being reversed, all right.

Mr. KURLAND. Senator, I think legally that is not a conviction, but I don't want him to have any misunderstanding with the committee.

The CHAIRMAN. Tell the full thing.

Mr. WHITE. You were convicted?

Mr. DRAGNA. I was convicted, and appealed the case.

Mr. WHITE. What were you convicted of?

Mr. DRAGNA. Extortion.

Mr. WHITE. When was that?

Mr. DRAGNA. 1915.

Mr. WHITE. Where?

Mr. DRAGNA. Los Angeles.

Mr. WHITE. Was anyone convicted with you?

Mr. DRAGNA. No. After I got out, somebody else was arrested, or something, and he was convicted, I think.

Mr. WHITE. Who was that?

Mr. DRAGNA. I don't know. I don't remember. I wasn't involved with him.

Mr. WHITE. Have you ever been convicted on any other occasion?

Mr. DRAGNA. You mean of a felony?

Mr. WHITE. Of any crime.

Mr. DRAGNA. I think I paid a \$10 fine for battery once.

Mr. WHITE. Were you ever arrested for bootlegging?

Mr. DRAGNA. Yes.

Mr. WHITE. Convicted?

Mr. DRAGNA. No.

Mr. WHITE. Do you know Nicola Gentile?

Mr. DRAGNA. No.

Mr. WHITE. Do you know Joe Cannon?

Mr. DRAGNA. No.

Mr. WHITE. Do you know Al Marco?

Mr. DRAGNA. No.

Mr. WHITE. Now dead.

Do you know Sebastiano Nani?

Mr. DRAGNA. No.

Mr. WHITE. Do you know Jimmy Utley?

Mr. DRAGNA. Yes.

Mr. WHITE. Do you know Mimi Limandri?

Mr. DRAGNA. Yes.

Mr. WHITE. Did you ever have any business with Mimi?

Mr. DRAGNA. No.

Mr. WHITE. Did you ever have any business with Utley?

Mr. DRAGNA. No.

Mr. WHITE. Do you know Sam Lima in Lodi?

Mr. DRAGNA. Yes.

Mr. WHITE. Did you ever have any business with him?

Mr. DRAGNA. No.

Mr. WHITE. Do you know Frank Metranga?

Mr. DRAGNA. I know several Frank Metrangas.

Mr. WHITE. Frank Metranga who has a book and restaurant in Los Angeles?

Mr. DRAGNA. The big tall fellow?

Mr. WHITE. Yes.

Mr. DRAGNA. Yes.

Mr. WHITE. Did you know Tony Parmagini?

Mr. DRAGNA. Who?

Mr. WHITE. Black Tony Parmagini.

Mr. DRAGNA. No.

Mr. WHITE. Do you know Frank Milano, from Cleveland?

Mr. DRAGNA. Yes.

Mr. WHITE. Tony Milano?

Mr. DRAGNA. Yes.

Mr. WHITE. Any business with either one of them?

Mr. DRAGNA. No.

Mr. WHITE. Do you know Nick Impostato?

Mr. DRAGNA. Nick? No.

Mr. WHITE. Nicolo Impostato?

Mr. DRAGNA. No, I don't.

Mr. WHITE. Do you know Sam Maceo?

Mr. DRAGNA. No.

Mr. WHITE. Do you know the Mangano brothers in Brooklyn?

Mr. DRAGNA. I know Mr. Mangano, yes.

Mr. WHITE. Any business with him?

Mr. DRAGNA. No.

Mr. WHITE. Do you know the La Rocca brothers in San Francisco?

Mr. DRAGNA. No.

Mr. WHITE. That is all.

Mr. KURLAND. I notice he has another asset here.

Mr. DRAGNA. That is not an asset.

Mr. KURLAND. A life-insurance policy, against which there is a \$10,000 loan.

The CHAIRMAN. What is the face amount of the policy?

Mr. DRAGNA. It is a 20-year—15, it must be. I don't know what is the value.

Mr. KURLAND. I arranged the loan 3 or 4 years ago, and he has been renewing it ever since.

The CHAIRMAN. How much is the policy for?

Mr. KURLAND. A \$15,000 policy, and there is \$10,000, plus interest owed on it.

The CHAIRMAN. Do you have other questions?

Mr. ROBINSON. I have two more questions.

Mr. DRAGNA, who worked at the Universal Sports News?

Mr. DRAGNA. I, myself.

Mr. ROBINSON. You are the only one?

Mr. DRAGNA. Well, I might—

Mr. ROBINSON. Who was employed there?

Mr. DRAGNA. I employed nobody.

Mr. ROBINSON. Nobody at all?

Mr. DRAGNA. No.

Mr. ROBINSON. How did you get this information to give the news to the Illinois Sports News?

Mr. DRAGNA. Sometimes I would get it myself. Sometimes I would buy it from somebody.

Mr. ROBINSON. How much would you pay them for it?

Mr. DRAGNA. I don't know. It all depends.

Mr. ROBINSON. What would it depend on?

Mr. DRAGNA. What they do.

Mr. ROBINSON. What would they do?

Mr. DRAGNA. If I sent somebody over to the track to see the track conditions, and so forth, I might pay them \$10, \$12. It all depends.

Mr. ROBINSON. Were you notified as to the reason they stopped buying that news from you?

Mr. DRAGNA. No.

Mr. ROBINSON. You had no indication of why they discontinued the purchase of that news?

Mr. DRAGNA. I guess they just didn't like my work, maybe.

Mr. ROBINSON. Didn't they ever notify you?

Mr. DRAGNA. No.

Mr. ROBINSON. How did it stop?

Mr. DRAGNA. They just stopped sending the checks, and they stopped calling me for news.

Mr. ROBINSON. Did you ever inquire as to why they stopped?

Mr. DRAGNA. No, I did not.

Mr. ROBINSON. It was a \$500 a week account, wasn't it?

Mr. DRAGNA. That is right.

Mr. ROBINSON. You never saw fit to inquire as to why they stopped?

Mr. DRAGNA. How could I take care of my business, or anything, with the Los Angeles police department hounding me night and day?

I couldn't get out. Everywhere I go, they followed me around. I couldn't go to no office, I couldn't go nowhere. What right have I got to ask them? If I don't send them any more information, how are they going to send me a check?

Mr. ROBINSON. O. K. You mentioned you were managing some club that Mr. Howser visited?

Mr. DRAGNA. It was a cocktail club.

Mr. ROBINSON. Did you own that?

Mr. DRAGNA. No. I managed it.

Mr. ROBINSON. He would visit there?

Mr. DRAGNA. He used to come in for a drink with his friends sometimes.

Mr. ROBINSON. He talked to you?

Mr. DRAGNA. He would say hello, yes.

Mr. ROBINSON. Is that all that was said?

Mr. DRAGNA. I don't remember what was said. People, customers come in and you talk about the weather. You talk about this and that. I don't remember. I wasn't that close to him.

The CHAIRMAN. What is the name of that club?

Mr. DRAGNA. The Do-Die Club, D-o-D-i-e.

Mr. KURLAND. I think he is spelling it wrong.

The CHAIRMAN. You spell it.

Mr. DRAGNA. You spell it.

Mr. KURLAND. D-o-D-e-e.

Mr. ROBINSON. When is the last time you were in Chicago?

Mr. DRAGNA. I don't remember.

Mr. ROBINSON. Were you in Chicago the first part of this year?

Mr. DRAGNA. I might have been. I don't remember.

Mr. ROBINSON. Don't you recall that far back whether you were in Chicago or not?

Mr. DRAGNA. No, I don't remember.

Mr. ROBINSON. You don't remember?

Mr. DRAGNA. No.

Mr. ROBINSON. You don't remember being in Chicago about February or January of this year?

Mr. DRAGNA. I don't remember.

The CHAIRMAN. Were you? You would know whether you were here in February or January of this year. That is not being very cooperative. If you came all the way to Chicago 8 months ago, you would know about it.

Mr. DRAGNA. I don't remember. I was in New York last year about this time. I don't remember whether I stopped here or not.

The CHAIRMAN. Did you stop over here?

Mr. DRAGNA. I don't remember, sir.

The CHAIRMAN. Did you visit here?

Mr. DRAGNA. I know I didn't visit. I don't remember.

Mr. ROBINSON. You came by airplane, didn't you?

Mr. DRAGNA. What?

Mr. ROBINSON. You came by airplane?

Mr. DRAGNA. Came where?

Mr. ROBINSON. The first part of this year, to Chicago, didn't you?

Mr. DRAGNA. I don't remember.

The CHAIRMAN. Mr. Dr. Dagna, I would like to be sympathetic and everything, but if you came to Chicago the first part of this year,

you would know about it; so you might as well tell us about it, if you did.

Mr. DRAGNA. I am not trying to hide nothing. My memory ain't so good since they have been doing this to my family over there. They have got me half crazy, and when I tell you I don't remember, I don't remember. If I remembered, I would tell you.

Mr. ROBINSON. Do you know Alan Smiley?

Mr. DRAGNA. Yes.

ROBINSON. How long have you known him?

Mr. DRAGNA. Probably 10 years.

Mr. ROBINSON. Were you ever in business with him?

Mr. DRAGNA. No.

Mr. ROBINSON. What business was he in?

Mr. DRAGNA. I don't know.

Mr. ROBINSON. Was he in the wire service business?

Mr. DRAGNA. Not that I know of.

Mr. ROBINSON. Was he associated with Bugsy Siegel?

Mr. DRAGNA. I don't know.

Mr. ROBINSON. You don't know that?

Mr. DRAGNA. I know that they were friends. I would see them together.

Mr. ROBINSON. When was the last time you talked to him?

Mr. DRAGNA. Smiley?

Mr. ROBINSON. By phone or in person. Yes.

Mr. DRAGNA. I don't remember that, either.

Mr. ROBINSON. You don't remember talking to him the first part of the year?

Mr. DRAGNA. I probably did.

Mr. ROBINSON. Do you remember what you talked to him about?

Mr. DRAGNA. No. I have never been in business with the man. We might talk about a fight. We might talk about a show. We might talk about baseball.

Mr. ROBINSON. Did you talk to him about coming to Chicago?

Mr. DRAGNA. No.

Mr. ROBINSON. You didn't talk to him about coming to Chicago to find out why you were cut off from \$500 a week from the Illinois Sports News?

Mr. DRAGNA. No. That is a lie.

Mr. ROBINSON. You never came to Chicago at all to find out about that?

Mr. DRAGNA. I am saying what you just asked me for is a lie. I am not that close to Smiley to tell him any of my business.

Mr. ROBINSON. All right. You insist that you were not in Chicago the first part of this year to find out why the \$500 was cut off?

Mr. DRAGNA. I told you I don't remember, and I didn't—to come to Chicago concerning the wire service, I know I didn't come over here for that. Of that, I am positively sure.

Mr. ROBINSON. When did the police go into your place?

Mr. DRAGNA. February.

Mr. ROBINSON. When was the last payment you received from Illinois?

Mr. DRAGNA. About that time.

Mr. ROBINSON. Wasn't it a little before that time?

Mr. DRAGNA. I don't remember.

Mr. ROBINSON. Wasn't it the January?

Mr. DRAGNA. No. It was later than that.

Mr. ROBINSON. That is all.

Mr. DRAGNA. I think it was sometime during February.

Mr. ROBINSON. You never made any statement to Mr. Smiley that you were coming to Chicago to see why you were cut off?

Mr. DRAGNA. I told you no. Why would I discuss my business affairs with Mr. Smiley?

The CHAIRMAN. Have you a record of his being in Chicago in February?

Mr. ROBINSON. No, we have no record at the present time.

Mr. HALLEY. What were you doing in New York in February?

Mr. KURLAND. He didn't say he was there in February, Mr. Halley.

The CHAIRMAN. In the early part of the year.

Mr. KURLAND. He said about this time last year.

Mr. HALLEY. When were you last in New York?

Mr. DRAGNA. I think it was this time last year, because there was a World Series game going on.

Mr. HALLEY. Were you in New York in 1950?

The CHAIRMAN. Were you in New York this year?

Mr. DRAGNA. I don't think so. I don't remember.

Mr. HALLEY. Did you leave California in the year 1950?

Mr. DRAGNA. I don't remember.

Mr. HALLEY. That answer is so absurd as to amount to a refusal to answer. You must remember whether you left California in 1950.

Mr. DRAGNA. If you tell the police department—I don't want to perjure myself, but if you tell the police department to return me my papers, and so forth, I would know, because I would have the tickets, and so forth.

Mr. HALLEY. They took your records in February of 1950?

Mr. DRAGNA. They took everything I had.

Mr. HALLEY. When?

Mr. DRAGNA. In February.

Mr. HALLEY. Of 1950?

Mr. DRAGNA. Yes.

Mr. HALLEY. Did you make any trips after the police took your records?

The CHAIRMAN. Out of California.

Mr. DRAGNA. I don't remember.

Mr. HALLEY. Mr. Chairman, will you please instruct the witness to answer?

The CHAIRMAN. You should know, Mr. Dragna, whether you made any trips out of California since the police took your records.

Mr. DRAGNA. At times I don't even remember that I am alive.

The CHAIRMAN. That is not a hard thing to remember, about whether you went out of California or not.

Mr. DRAGNA. I don't remember.

Mr. KURLAND. Senator, they followed him with three cars, his son, with three police cars, night and day. His wife with three police cars. They have 27 police cars following him in shifts, not for the purpose of following him, but merely for the purpose of annoying him, because one goes in front and one goes in back, and one goes on the side.

The CHAIRMAN. That is all the more reason why he ought to remember whether he has been out of California.

Mr. KURLAND. It is very disturbing. He has a son working 12 hours a day in a delicatessen. They follow him. They stand out in front of the delicatessen all day with three police cars.

The CHAIRMAN. That is not a very satisfactory answer to the simple question of whether he has left the State of California since February 1950; and, if so, where did he go to?

He has answered in detail about things 20 years ago, and he would certainly know what happened this year.

What is your answer?

Mr. DRAGNA. I don't remember.

The CHAIRMAN. You do not remember whether you have been out of California this year or not?

Mr. DRAGNA. That is correct; I don't remember.

The CHAIRMAN. Were you, in the olive-oil business, connected in any way with Joe Profaci?

Mr. DRAGNA. No. We sold some olive oil, though.

The CHAIRMAN. You sold him olive oil?

Mr. DRAGNA. Yes.

The CHAIRMAN. Over how long a period of time?

(No answer.)

The CHAIRMAN. Do you know Profaci well? How long did you do business with him?

Mr. DRAGNA. That is the only time, I think, I sold him olive oil.

The CHAIRMAN. Did you meet him in New York?

Mr. DRAGNA. Yes.

The CHAIRMAN. Are you a good friend of his?

Mr. DRAGNA. Well, fair.

The CHAIRMAN. Have you ever been in any business with him, other than selling him olive oil?

Mr. DRAGNA. No, sir.

The CHAIRMAN. You have known Attorney General Howser pretty well over the years, have you not?

Mr. DRAGNA. No.

The CHAIRMAN. Other than just meeting him in your cocktail lounge?

Mr. DRAGNA. No. I have met him probably four or five times.

The CHAIRMAN. Hasn't he kept you out of some trouble all along?

Mr. DRAGNA. No.

The CHAIRMAN. Did he ever prosecute you?

Mr. DRAGNA. No.

The CHAIRMAN. For any offense?

Mr. DRAGNA. No.

The CHAIRMAN. Did you help organize his campaign?

Mr. DRAGNA. No.

The CHAIRMAN. No?

Mr. DRAGNA. No, sir.

The CHAIRMAN. Did you support him in his election?

Mr. DRAGNA. No, sir. I didn't support nobody.

The CHAIRMAN. I want to ask of you, you have applied for citizenship. How come you have never gotten to be a citizen?

Mr. DRAGNA. They just turned me down.

The CHAIRMAN. They have always turned you down?

Mr. DRAGNA. Yes.

Mr. KURLAND. He has applied once, Senator, and I was present, not as the attorney, but I was present at the hearings. Judge Campbell Beaumont of Los Angeles, in the United States district court, in turning him down asked him to apply again the next year. He asked him to apply the next year. It was purely on the result. He said he thought he would give it favorable consideration. That is in the record.

The CHAIRMAN. All right.

Mr. HALLEY. Have you been in an airplane in 1950?

Mr. KURLAND. You mean other than the flight here this time?

Mr. HALLEY. Other than to come here to Chicago to testify?

Mr. DRAGNA. I don't remember.

Mr. HALLEY. What is your answer?

Mr. DRAGNA. I don't remember.

Mr. HALLEY. Have you been in a train in the year 1950, other than to appear here to testify?

Mr. DRAGNA. I don't remember.

Mr. HALLEY. Your answer is that you do not remember?

Mr. DRAGNA. That is correct.

Mr. HALLEY. I ask the chairman to advise the witness that an answer that he does not remember whether he was in a train or an airplane in the year 1950, is not a satisfactory answer, and amounts to a refusal to answer the question.

The CHAIRMAN. Yes, that is right. That is a very simple question, as to whether you have been in an airplane or a train during 1950, and your refusal to answer would show that you are concealing some fact, or it would indicate that, and that would be a matter for the committee to consider in connection with a contempt citation, Mr. Dragna. I think I had better advise you about what——

Mr. DRAGNA. I think I have been pretty fair in answering everything.

The CHAIRMAN. That is a very simple question. We just want to know.

Mr. KURLAND. As long as the chairman is instructing the witness in connection with this matter, I feel I should advise the witness that in this particular question he can reply separately. He has answered repeatedly he does not remember. Separate and apart from that, and without waiving the answer, I advise the witness that he may refuse to answer—and we don't consider the "I don't remember" a refusal to answer—upon the grounds that it may tend to incriminate him in connection with some Federal penal statute or Federal offense.

Do you so state your constitutional privilege in words of that phrasing?

Mr. DRAGNA. If it is necessary: yes.

Mr. HALLEY. What Federal offense do you have in mind? Think of one fast, please.

Mr. KURLAND. I don't need your sarcasm. You think of one fast. You stated it.

Mr. HALLEY. Your objection isn't satisfactory unless you state it.

Mr. KURLAND. Let a court decide.

Mr. HALLEY. Are you willing to state a particular offense that you refer to in making this objection?

Mr. KURLAND. Federal offenses tending to possibly involve him in a violation of a Federal statute regulating or affecting interstate commerce or penal activities in connection therewith. I do not want the record to be confused at all. The witness has separately answered the question. If the answer is not to the satisfaction of the committee, then the constitutional grounds as phrased are separately and distinctly stated, and not waived.

Mr. HALLEY. You mean they are a second line of defense?

The CHAIRMAN. That is all right. Just go ahead.

Mr. HALLEY. Were you in the city of Chicago in the year 1950?

Mr. DRAGNA. I don't remember.

Mr. HALLEY. Do you want to restate again the objection on the constitutional grounds?

The CHAIRMAN. I order you to answer more definitely, Mr. Dragna.

Mr. DRAGNA. My answer is that I don't remember.

Mr. KURLAND. Without waiving the answer which the witness has made to the question, and separately and apart therefrom, the witness stands upon his constitutional right that it may tend to incriminate him in connection with a Federal offense involving the proceeding in interstate commerce, across State line or otherwise, in relation to a violation of a Federal penal law.

Do you state that as your ground, sir?

Mr. DRAGNA. Yes.

Mr. KURLAND. That is not a confession or concession that the witness has not answered.

The CHAIRMAN. We understand the point.

There are two other questions. When you were working for the Illinois News Service, did the checks come from Illinois to you? Were they sent from here to you in Los Angeles?

Mr. DRAGNA. That is correct.

The CHAIRMAN. By mail?

Mr. DRAGNA. That is correct.

The CHAIRMAN. When you ceased doing business with them in February 1950, did they send you any lump-sum amount or any amount to settle your account with them?

Do you say "no"?

Mr. DRAGNA. No, sir.

The CHAIRMAN. Did you have an office in which you did business out there?

Mr. DRAGNA. I was doing business out of my home.

The CHAIRMAN. Your office was in your home?

Mr. DRAGNA. Yes.

The CHAIRMAN. All right. That is all.

Mr. Dragna, you can go back to Los Angeles. The subpoena that has been served on you will be a continuing one. If you or your attorney are notified that we want you to appear somewhere, we will expect you to appear without the service of another subpoena. Is that understood?

Mr. KURLAND. It will be understood he will be appearing under the force of this subpoena. Would you rule on my request to return the papers held by the committee which were unlawfully taken from Mr. Dragna's home?

The CHAIRMAN. I personally do not know of any papers. Whatever papers we may have, I am certain that we got legally. So if there are

papers which I do not know about, I do not know about them, and your application will be overruled.

It is academic, so far as I am concerned, because I do not know about the papers.

Mr. KURLAND. I presume the Senator knows what his assistants know.

Separately from that, and without waiving my request, Senator, those papers which they don't need and which might be of some assistance in the ordinary conduct, I think they might send back, even if they have to send them anonymously. There is no use in their being vindictive or petty about the matter.

The CHAIRMAN. You have made your application.

Thank you.

Mr. KURLAND. Thank you.

(Discussion off the record.)

The CHAIRMAN. It is stipulated that the record Mr. Kurland will have is for the confidential use of himself and his client, and for no one else.

Mr. KURLAND. I will accept that as such, and will observe my word. Thank you.

(Thereupon, at 12:45 p. m., a recess was taken until 2:30 p. m., of the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

Mr. McBride, do you solemnly swear the testimony you are about to give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McBRIDE. Yes, sir.

TESTIMONY OF EDWARD JOHN McBRIDE, CHICAGO, ILL., ACCOMPANIED BY WALTER E. GALLAGHER AND WILLIAM DEMPSEY, ATTORNEYS, WASHINGTON, D. C.

Mr. HALLEY. What is your full name?

Mr. McBRIDE. Edward John McBride.

Mr. HALLEY. And your address?

Mr. McBRIDE. 5500 Southwest Sixty-seventh Avenue.

Mr. HALLEY. Do you have any business?

The CHAIRMAN. Let's let the record show that Mr. Walter Gallagher and Mr. William Dempsey, attorneys of Washington, D. C., are here to represent Mr. McBride.

Mr. HALLEY. Now what business are you in?

Mr. McBRIDE. I own the Continental Press Service.

Mr. HALLEY. In other words, that is your own business under the trade name of Continental Press?

Mr. McBRIDE. Yes, sir.

Mr. HALLEY. You received a subpoena to produce certain books and records of Continental Press?

Mr. McBRIDE. Yes, sir.

Mr. HALLEY. Have you produced all the books and records called for on that subpoena?

Mr. McBRIDE. I didn't produce them. They were in Mr. Lebit's care and he brought them down.

Mr. HALLEY. It is your business?

Mr. McBRIDE. Yes, sir.

Mr. HALLEY. Did you instruct him to produce the books? Let's put it this way.

Mr. McBRIDE. I thought he was instructed to produce the books. I thought you had instructed him to produce the books.

Mr. HALLEY. He produced them with your authority, is that right?

Mr. McBRIDE. Well, yes.

Mr. HALLEY. Do you have anything to say about the business?

Mr. McBRIDE. No; I don't.

Mr. HALLEY. Nothing at all to say about the business of Continental Press?

Mr. McBRIDE. No, sir.

The CHAIRMAN. Let's get back to the beginning. How old are you, Mr. McBride?

Mr. McBRIDE. Twenty-six, Senator.

The CHAIRMAN. Are you in school somewhere?

Mr. McBRIDE. Yes, sir; down at the University of Miami, in Coral Gables, Fla.

The CHAIRMAN. Are you studying law?

Mr. McBRIDE. Yes, sir.

The CHAIRMAN. When are you going to graduate?

Mr. McBRIDE. In January.

The CHAIRMAN. Where are you going to practice?

Mr. McBRIDE. I am undecided as yet, Senator.

The CHAIRMAN. Are you married?

Mr. McBRIDE. Yes, sir.

The CHAIRMAN. Do you have any children?

Mr. McBRIDE. I have a baby girl.

The CHAIRMAN. Where did you go to academic before you took law?

Mr. McBRIDE. I went to Notre Dame for 4 years.

The CHAIRMAN. How long have you been at the University of Miami?

Mr. McBRIDE. I started in September of 1949.

Mr. HALLEY. How old are you?

Mr. McBRIDE. Twenty-six.

Mr. HALLEY. You have studied law for 3 years?

Mr. McBRIDE. About two and a half. I have gone to summer school.

Mr. HALLEY. You are not a minor?

Mr. McBRIDE. No, sir.

Mr. HALLEY. You have no guardian?

Mr. McBRIDE. No, sir.

Mr. HALLEY. You own your own assets?

Mr. McBRIDE. Yes, sir.

Mr. HALLEY. You have full control over them?

Mr. McBRIDE. Yes, sir.

Mr. HALLEY. You own Continental Press?

Mr. McBRIDE. Yes.

Mr. HALLEY. It is your asset?

Mr. McBRIDE. Yes, sir.

Mr. HALLEY. You have full control over that as one of your assets?

Mr. McBRIDE. Since I am the owner I believe I have control, but I have exercised no control.

Mr. HALLEY. What do you mean by telling me a few minutes ago that you have nothing to say about the business of Continental Press?

Mr. McBRIDE. I mean active, Mr. Halley. I don't participate.

Mr. HALLEY. What do you mean? Have you given control over to the other people?

Mr. McBRIDE. Yes; I believe so.

Mr. HALLEY. To whom have you given control?

Mr. McBRIDE. My uncle, Tom Kelly.

Mr. HALLEY. To anyone else?

Mr. McBRIDE. No, sir.

Mr. HALLEY. Is there any document evidencing your giving full authority?

Mr. McBRIDE. I don't understand.

Mr. HALLEY. You have had 2½ years of school law. Has he a power of attorney for you?

Mr. McBRIDE. No, sir.

Mr. HALLEY. Is there a trust?

Mr. McBRIDE. No, sir.

Mr. HALLEY. He just acts——

Mr. McBRIDE. He is the general manager, Mr. Halley. He manages it.

Mr. HALLEY. To summarize, you are a complete figurehead and dummy; is that right?

Mr. McBRIDE. I guess you would put it that way if you wanted to.

Mr. DEMPSEY. I wonder if it is quite fair, Senator——

The CHAIRMAN. Anyway, I think the record shows, and his testimony is, that he is in law school and that he owns the stock in Continental Press and that he has either turned over control or Mr. Kelly has continued control of the operation of Continental Press. Let's get on with what we want.

Mr. HALLEY. Who told you to give complete control of it to your uncle?

Mr. McBRIDE. Nobody told me to give complete control to my uncle.

Mr. HALLEY. Did you do it voluntarily?

Mr. McBRIDE. Yes; certainly.

Mr. HALLEY. When did you get this asset, Continental Press?

Mr. McBRIDE. I purchased a third of it in 1943.

Mr. HALLEY. How much did you pay for a third of it in 1943?

Mr. McBRIDE. I believe \$16,000.

Mr. HALLEY. Where did you get the \$16,000?

Mr. McBRIDE. I borrowed that.

Mr. HALLEY. From whom?

Mr. McBRIDE. My father.

Mr. HALLEY. At that time you were a minor?

Mr. McBRIDE. Yes.

Mr. HALLEY. He loaned you \$16,000?

Mr. McBRIDE. Yes.

Mr. HALLEY. Have you repaid it?

Mr. McBRIDE. Yes.

Mr. HALLEY. Who did you pay it over to?

Mr. McBRIDE. My father.

Mr. HALLEY. No; who did you pay the \$16,000 to buy a third from? From whom did you buy the third?

Mr. McBRIDE. From Mr. Ragen.

Mr. HALLEY. James Ragen?

Mr. McBRIDE. Yes, sir.

Mr. HALLEY. Senior?

Mr. McBRIDE. Yes, sir.

Mr. HALLEY. When did you obtain the rest of it?

Mr. McBRIDE. In 1947. I believe in May 1947.

Mr. HALLEY. From whom did you buy the rest of it?

Mr. McBRIDE. From the Ragen estate and Ragen, Jr.

Mr. HALLEY. What did you pay for the remaining two-thirds?

Mr. McBRIDE. I paid \$215,000 to the Ragen estate. I paid \$130,000 to young Ragen, Jr.

Mr. HALLEY. Where did you get that money?

Mr. McBRIDE. It was payable over a 10-year period.

Mr. HALLEY. You haven't paid it yet?

Mr. McBRIDE. Not yet, not completely.

Mr. HALLEY. Let me get those amounts again; \$215,000 to the Ragen estate and how much to Ragen, Jr.?

Mr. McBRIDE. \$130,000, I believe to Junior. Then we had a \$50,000 noncompetitive contract. Also we assumed the doctor bills for the elder Ragen, Mr. Ragen, Sr.

Mr. HALLEY. How many conferences did you have with your partner, James Ragen, between 1943 and the date he was murdered?

Mr. McBRIDE. I didn't have any conferences with him.

Mr. HALLEY. Did you ever see him?

Mr. McBRIDE. Yes; I saw him occasionally.

Mr. GALLAGHER. Off the record just a moment, Mr. Halley.

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. Back on the record.

The colloquy with Mr. Gallagher, the counsel, has developed the fact that the noncompetitive contract was not a part of the purchase. It was in addition to the purchase price.

Mr. GALLAGHER. Payable as an expense out of the business.

The CHAIRMAN. Payable as an expense at the rate of \$5,000 a year. The total amount is \$50,000, and it provides that James Ragen, Jr., is not to go into the same or similar businesses for a period of 10 years.

Mr. GALLAGHER. The contract reflecting and confirming the details.

The CHAIRMAN. The contract, of course, speaks for itself.

Mr. HALLEY. In 1943 how old were you, about 19?

Mr. McBRIDE. Nineteen, yes, sir.

Mr. HALLEY. Were you then in college?

Mr. McBRIDE. That fall, the fall of 1943.

Mr. HALLEY. At the time you bought the third of Continental?

Mr. McBRIDE. No, sir; I wasn't.

Mr. HALLEY. Where were you then?

Mr. McBRIDE. I was waiting—I can't recall whether I was drafted and then was waiting to get called or whether I was already called at that period. I forget the exact date of my entrance.

Mr. HALLEY. How far had your education progressed at that point?

Mr. McBRIDE. I had 2 years of college.

Mr. HALLEY. You had had 2 years of college.

Mr. McBRIDE. Yes.

Mr. HALLEY. Who first called to your attention this opportunity to purchase one-third of Continental Press?

Mr. McBRIDE. I believe it was my father.

Mr. HALLEY. Where did you talk to him?

Mr. McBRIDE. I really can't remember that.

Mr. HALLEY. Were you then in Miami?

Mr. McBRIDE. No; I was not. I imagine I was in Cleveland. You see, that all transpired—I just can't recollect the exact things that occurred.

Mr. HALLEY. Let's do the best we can, and I think you will find where you really can't recollect, we will bear along, and where we think you can recollect we are going to insist that you do.

You think you were in Cleveland at the time, is that right?

Mr. McBRIDE. I left school in May or June of that year, and I was waiting to go. I was around Cleveland all that time.

Mr. HALLEY. When did you go into the Army?

Mr. McBRIDE. I don't know whether it was the first or the latter part of November.

Mr. HALLEY. So from May until November you were in Cleveland.

Mr. McBRIDE. Yes, that is right.

Mr. HALLEY. At what point did you purchase your 33 percent of Continental?

Mr. McBRIDE. At what point?

Mr. HALLEY. In time, what month.

Mr. McBRIDE. In November, I believe.

Mr. HALLEY. Either just before or just after you went into the Army, is that right?

Mr. McBRIDE. Yes.

Mr. HALLEY. How long before you actually purchased it did your father bring this deal to your attention?

Mr. McBRIDE. Mr. Halley, I couldn't recall that.

Mr. HALLEY. Well, did you negotiate over a period of time or was it a very quick transaction?

(Witness conferring with counsel.)

Mr. McBRIDE. I can't recall because I didn't handle the details, Mr. Halley.

Mr. HALLEY. The point is that if your father put some papers in front of you and told you to sign them, say so, and we will save a lot of time.

Mr. McBRIDE. Yes; that is true.

Mr. HALLEY. You had no discussion?

Mr. McBRIDE. My father handled all the details.

Mr. HALLEY. Let's not call it details. We will call it negotiations so as not to lose ourselves in any minor matters. It is a fact that your father arranged the entire transaction and then put some papers before you to sign?

Mr. McBRIDE. Yes; that is true.

Mr. HALLEY. Did he ever say, "Edward, we have a deal here. Do you want to go into it or do you not?"

Mr. McBRIDE. Yes, he asked me. He asked me about it, Mr. Halley.

Mr. HALLEY. What did he ask you?

Mr. McBRIDE. Just like that. He asked if I thought I would like to go into that business, and I said certainly I would appreciate it if he would.

Mr. HALLEY. What further discussion was there, anything besides that?

Mr. McBRIDE. That is about the gist of it. You know, like a father would say to his son, I guess.

Mr. HALLEY. It was a very brief conversation?

Mr. McBRIDE. I can't recall how brief it was, Mr. Halley. I mean it wasn't long. It wasn't an hourly affair.

Mr. HALLEY. Did he introduce you to Mr. Ragen?

Mr. McBRIDE. I had known Mr. Ragen.

Mr. HALLEY. For how long had you known Mr. Ragen?

Mr. McBRIDE. Since I can remember.

Mr. HALLEY. Did you talk about it at all with Mr. Ragen before you purchased it?

Mr. McBRIDE. No, I didn't.

Mr. HALLEY. Did you talk about it to anybody but your father before you purchased it?

Mr. McBRIDE. No, I didn't; Mr. Halley.

Mr. HALLEY. Did your father show you any of the financial documents or balance sheets?

Mr. McBRIDE. Well, I can't recall that, Mr. Halley.

Mr. HALLEY. If he did, you didn't pay any particular attention to them, I presume.

Mr. McBRIDE. Well, I just can't recall that, Mr. Halley. I don't remember whether he showed me that. That was 7 years ago.

Mr. HALLEY. If you saw them, don't you remember them?

Mr. McBRIDE. Yes, sir.

Mr. HALLEY. Then a day came for you to buy it. Where did you close the transaction? Where did papa take you to close it?

Mr. McBRIDE. My father took me to—I don't know where the office was, some office building in Cleveland.

Mr. HALLEY. And who was there?

Mr. McBRIDE. My father was there, and I think my brother, but I am not sure. I remember signing the papers.

The CHAIRMAN. Was it a lawyer's office he took you to or whose office was it where you closed out the transaction and signed the papers?

Mr. McBRIDE. I believe it was a lawyer's office, Senator.

Mr. HALLEY. Do you remember the name of the lawyer?

Mr. McBRIDE. I am not sure. I believe it was Miller & Hornbeck's office.

Mr. HALLEY. Are they your counsel?

Mr. McBRIDE. Yes, sir.

Mr. HALLEY. Who handled it for you in that firm? Who was your representative?

Mr. McBRIDE. I can't recall, Mr. Halley.

Mr. HALLEY. Certain papers were put before you in that office and you signed them, is that correct?

Mr. McBRIDE. Yes, sir.

Mr. HALLEY. You signed a check for the purchase price, is that right, at that time? How did you handle the money end of it?

Mr. McBRIDE. I can't recall, Mr. Halley.

Mr. HALLEY. You have no recollection at all?

Mr. McBRIDE. No.

Mr. HALLEY. In any event your father gave you the money and you paid it over to Mr. Ragen, is that right?

Mr. McBRIDE. Was this in 1943?

Mr. HALLEY. Yes, 1943.

Mr. McBRIDE. I borrowed the money from my father, and—yes, I must have signed the check.

Mr. HALLEY. Whatever you paid, you got from your father, is that right?

Mr. McBRIDE. You mean I borrowed from my father; yes.

Mr. HALLEY. From that date on this—

The CHAIRMAN. You borrowed \$16,000 from your father to pay him \$16,000 for a third interest?

Mr. McBRIDE. I think it was \$16,060.

The CHAIRMAN. Did you sign a note to your father for that \$16,000 odd?

Mr. McBRIDE. I believe so; yes.

The CHAIRMAN. Did you pay that note off?

Mr. McBRIDE. Yes.

The CHAIRMAN. Where is the note and where are the papers?

Mr. McBRIDE. All the papers were brought up. I believe the note is in his papers. I am not sure.

The CHAIRMAN. I don't understand how one-third interest could be sold to you for \$16,000 and then you paid for two-thirds interest \$304,000.

Mr. GALLAGHER. Off the record, Senator, just a moment. May I try to help you out?

The CHAIRMAN. Off the record.

(Off the record.)

The CHAIRMAN. Anyway, the fact is that one-third interest he bought from his father for \$16,000 in 1943.

Mr. McBRIDE. Excuse me, Senator. I bought from Mr. Ragen and Ragen, Jr. I didn't buy from my father. I borrowed the money from my father, Senator.

The CHAIRMAN. You borrowed the money from your father.

Mr. McBRIDE. They took me in as a partner.

The CHAIRMAN. In 1947, though, you bought from the Ragen estate and Ragen, Jr., two-thirds interest, the purchase price being \$345,000. So on that basis one-third interest at that time would have been worth \$172,500. Anyway, Mr. Kelly negotiated it? Is that the situation?

Mr. McBRIDE. Negotiated the second, the complete purchase. The first purchase I believe was between my father and Mr. Ragen.

Mr. HALLEY. You had nothing to do with negotiating the purchase price?

Mr. McBRIDE. No, sir.

Mr. HALLEY. You paid what your father told you to pay?

Mr. McBRIDE. Yes, sir. I took my father's—yes.

Mr. HALLEY. On the second sale you paid what Mr. Kelly told you to pay?

Mr. McBRIDE. Whatever they reached, the agreement they reached.

Mr. HALLEY. You took no part in reaching the agreement in 1947?

Mr. McBRIDE. No, sir.

Mr. HALLEY. Did you father ever tell you to just listen to Mr. Kelly and do what he said?

Mr. McBRIDE. I can't recall that. You see, I was at school again in 1947.

Mr. HALLEY. What school were you in?

Mr. McBRIDE. I was in Notre Dame, Mr. Halley.

Mr. HALLEY. You were then 23 years old?

Mr. McBRIDE. That is correct.

Mr. HALLEY. Of course under the law fully responsible for all your property and all of your acts.

Mr. McBRIDE. That is right, Mr. Halley.

Mr. HALLEY. You purchased assets that cost several thousand dollars on a price negotiated by Mr. Kelly, is that right?

Mr. McBRIDE. That is right, Mr. Halley.

Mr. HALLEY. Completely on his advice, without any check.

Mr. McBRIDE. That is right, Mr. Halley.

Mr. HALLEY. Whoever told you to listen to Mr. Kelly and do what he said?

Mr. McBRIDE. I have known Mr. Kelly since I can remember. I have always known him.

Mr. HALLEY. To repeat, from the day you originally bought the one-third interest until today, you have not attempted to take any action or form any judgment or exercise any control over Continental Press, is that right?

Mr. McBRIDE. That is right, Mr. Halley. I am just trying to get through school now and get my education.

Mr. HALLEY. So far as you are concerned, if somebody produced the records of Continental Press before this committee, is it O. K. with you?

Mr. McBRIDE. Certainly, Mr. Halley.

Mr. HALLEY. Thank you.

The CHAIRMAN. I want to ask one question only. Where did you get the \$345,000 to buy the remaining interest?

Mr. McBRIDE. Senator, that is paid off yearly. I still owe on that. I believe I still owe—

The CHAIRMAN. How much was paid down?

Mr. McBRIDE. It was spread out over 10 years. It has been paid—after I pay the taxes. I think I paid last year about \$40,000 or \$43,000. It is to be paid off year by year.

The CHAIRMAN. I know the books will reflect it, but what is the income after taxes per year usually from Continental Press?

Mr. McBRIDE. About \$180,000 last year.

The CHAIRMAN. \$180,000 last year.

Mr. McBRIDE. Yes.

The CHAIRMAN. Do you own or have an interest in this radio station in Miami?

Mr. McBRIDE. No, I don't.

The CHAIRMAN. Your father passed away?

Mr. McBRIDE. No, sir.

The CHAIRMAN. Where is he now?

Mr. McBRIDE. He lives in Cleveland. He is probably down at Pittsburgh right now.

The CHAIRMAN. He owns a radio station in Miami, doesn't he?

Mr. McBRIDE. Yes, sir.

The CHAIRMAN. Or has an interest in one.

Mr. McBRIDE. Yes, sir.

The CHAIRMAN. Does he own it altogether?

Mr. McBRIDE. He has a part of it. I believe he is a partner in the cab company and also has a part in the radio station.

The CHAIRMAN. What business does he have in Cleveland?

Mr. McBRIDE. My father?

The CHAIRMAN. Yes.

Mr. McBRIDE. He is in the Yellow Cab Co. and the Cleveland Browns, and he has real estate.

The CHAIRMAN. How many of you children are there?

Mr. McBRIDE. Three children, Senator.

The CHAIRMAN. Give their names and ages.

Mr. McBRIDE. Arthur Bernard McBride. He is 29.

The CHAIRMAN. What does he do?

Mr. McBRIDE. He works at the cab company, sir. I have a younger sister, 24, Janet McBride.

The CHAIRMAN. What does she do?

Mr. McBRIDE. She just finished school. She is not doing anything.

The CHAIRMAN. She is not married?

Mr. McBRIDE. No, sir.

The CHAIRMAN. And then you.

Mr. McBRIDE. Yes. I am in the middle. My brother owns—he doesn't work at the cab company. He owns part of the cab company.

The CHAIRMAN. Where does he work?

Mr. McBRIDE. My Dad gave him his half interest in the cab company. So he is in the cab business in Cleveland. He doesn't work there. He owns part of it.

The CHAIRMAN. He doesn't work there and he owns part of it, but does he have any other business?

Mr. McBRIDE. He works there. I mean I didn't mean he was an employee. He owns part and he works there.

The CHAIRMAN. He is an official of the company.

Mr. McBRIDE. Yes, sir.

The CHAIRMAN. What you meant to say is that he doesn't drive a cab or anything like that.

Mr. McBRIDE. What I meant was, when I said he worked there I wanted to tell you he also owns part of it.

The CHAIRMAN. He is not just an employee, but is an official of the company.

Mr. McBRIDE. That is what I wanted to tell you.

The CHAIRMAN. Do you expect to continue on this wire service? Are you interested in it? Or are you going to practice law?

Mr. McBRIDE. Senator, again I am undecided. Law school has really been a full job for me. I went to summer school again this summer.

The CHAIRMAN. Do you make pretty good grades down there?

Mr. McBRIDE. Fairly good, I would say. I have almost a B average.

The CHAIRMAN. Are you married?

Mr. McBRIDE. Yes, sir.

The CHAIRMAN. And you have a family.

Mr. McBRIDE. A baby girl. We are expecting another one in December.

Mr. ROBINSON. Do I understand, Mr. McBride, that Ragen ran the business prior to 1943?

Mr. McBRIDE. Yes; the two Ragens.

Mr. ROBINSON. James Ragen and his son both ran the business prior to 1943?

Mr. McBRIDE. I believe so; yes.

(Witness conferring with counsel.)

Mr. ROBINSON. When did you last see Thomas F. Kelly?

Mr. McBRIDE. I last saw my uncle at the Philadelphia Eagles-Cleveland Browns football game.

Mr. ROBINSON. When was that, what date?

Mr. McBRIDE. September 16.

Mr. ROBINSON. You have not seen him since?

Mr. McBRIDE. No; I haven't.

Mr. ROBINSON. Do you know where he is?

Mr. McBRIDE. No, sir; I don't.

Mr. DEMPSEY. Senator, I wonder if it might be helpful to Mr. Robinson to say that Mr. Kelly we did not understand was required or desired by the committee at this hearing. That is the only reason he isn't here.

The CHAIRMAN. Then you know where Mr. Kelly is?

Mr. DEMPSEY. I don't. I think he went to the world series or maybe the Browns-Pittsburgh game.

The CHAIRMAN. He is available in case we want him?

Mr. DEMPSEY. Yes, sir.

Mr. GALLAGHER. If you want him.

Mr. DEMPSEY. The only reason he isn't here is because we did not understand the committee wanted him.

The CHAIRMAN. If he wasn't subpoenaed he is not supposed to be here.

Mr. ROBINSON. Mr. McBride, do you have any competitors in your business?

Mr. McBRIDE. None that I know of.

Mr. ROBINSON. Have you ever had any competitors in the business?

Mr. McBRIDE. I believe there was one in 1946 or '47.

Mr. ROBINSON. Do you know what that company was?

Mr. McBRIDE. What do you mean?

Mr. ROBINSON. Do you know what the name of your competitor was?

Mr. McBRIDE. I think I just read about it yesterday, Trans-American.

Mr. ROBINSON. Do you know who ran that business?

Mr. McBRIDE. Just from what I read in the papers.

Mr. ROBINSON. That is all you know about it?

Mr. McBRIDE. That is all I know about it.

Mr. ROBINSON. Do you know L. Stanley Kahn?

Mr. McBRIDE. Where is he from?

Mr. ROBINSON. Do you know him? Do you know anyone by the name of L. Stanley Kahn?

Mr. McBRIDE. I can't place him.

Mr. ROBINSON. K-a-h-n.

Mr. McBRIDE. Could you tell me where he resides?

Mr. ROBINSON. He is in New York City.

Mr. McBRIDE. No; I don't believe I know him.

Mr. ROBINSON. You never heard of him?

Mr. McBRIDE. I have heard the name mentioned.

Mr. ROBINSON. You don't know who he is?

Mr. McBRIDE. I was trying to recall whether I know him or not. I have heard the name.

Mr. ROBINSON. Do you know whether or not he works for you?

Mr. McBRIDE. No; I wouldn't know.

Mr. ROBINSON. You never made any arrangements for his employment?

Mr. McBRIDE. No, sir; I didn't.

Mr. ROBINSON. Do you know what the salary is of Thomas F. Kelly? (Witness conferring with counsel.)

The CHAIRMAN. Let the witness answer, Mr. Gallagher.

Mr. McBRIDE. I don't know exactly what it was. I know he gets—there is a bonus, and I believe there is a percentage of the gross, the gross income, the net income.

Mr. ROBINSON. What is his salary as general manager? Maybe that will clarify it.

Mr. McBRIDE. I believe last year he made \$130,000, but it depends upon—part of his salary depends upon the income of the business.

Mr. ROBINSON. Is he paid a straight salary as general manager apart from any dividends or bonuses that he gets from the company?

Mr. McBRIDE. I can't answer that. I don't know.

Mr. ROBINSON. That is all.

The CHAIRMAN. Thank you very much, Mr. McBride, and gentlemen of the bar. We are sorry that we delayed you here.

Mr. McBRIDE. All right; thank you, sir.

The CHAIRMAN. Mr. McBride and your counsel, in case we want to inquire of you further, the subpoena we have now served on you will be continuing so that you will come back to where the committee is without further subpoena.

Mr. GALLAGHER. I might say, Senator, again in line with the discussion I had with your counsel, Mr. Halley, if you will just have one member of your committee call, we will be only too happy to have Mr. McBride here.

(Off the record.)

The CHAIRMAN. Mr. Kutner, do you solemnly swear the testimony you will give the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KUTNER. I certainly do.

TESTIMONY OF LUIS KUTNER, CHICAGO, ILL.

Mr. HALLEY. Mr. Kutner, did you want to make a statement before being questioned?

Mr. KUTNER. I should like to. I prefer to. I refer to two editions I have in my hand and to another edition which I have been reading relative to some hallucinatory reports that I have received.

The CHAIRMAN. Give the dates of the papers and the names of the papers.

Mr. KUTNER. I am reading now from the Herald American last night, yesterday, the city edition, and today's Herald American. I have also seen references to the same comment about \$60,000 figure in other newspapers.

The CHAIRMAN. All right, Mr. Kutner, let's get along.

What is the comment you have seen there? I don't know what it is.

Mr. KUTNER. It says here:

Committee investigators said they were prepared to ask Attorney Luis Kutner whether he received \$60,000 fee from gangster Harry Russell and other mobsters in return for promises that he would protect the Chicago underworld from committee molestation.

That I say vigorously, and with all the heat I can possibly command, is vicious and malicious and untrue.

If thought were given momentarily to Russell's disclaimer that I was ever his attorney, it is quite logical then to conclude that no such money or any cent of that amount of money could have been paid to me. At no time did Russell or any other mobster ever pay me one dime.

I have prepared a statement relative to Russell which is a summary of my relations with him leading up to that well-known July 8 letter I wrote to the committee, returning the subpoena, which had been forwarded to me as a courtesy to Harry Russell to avoid embarrassment and publicity.

Another statement which I want categorically to refute, and this I am authorized to say, for I have talked with Mr. Brantman about that—is a statement that says that Brantman is reported to have stated in a statement to John Boyle that I told Brantman and said, "I can do something for your tax client, Harry Russell."

That I am authorized to say is also vicious and malicious and untrue.

The story about my meeting Russell is this: About a week or two before I met Russell in the office of William Brantman, Brantman was in my office discussing some case we had together, and he adverted to a news report that Russell might be called as a witness before the committee in Miami. Mr. Brantman stated that he knew Russell for some time, that he suspected that he would probably get a call from Russell because of their friendship, and that if he did and if Russell wanted a lawyer, he would let me know.

About June 28 or 29, just prior to the long week end of that July 4, I got a telephone call from Brantman to my office. He asked me if I could come over. I did go over there in about 25 minutes or so, and there I met Russell for the first time. Mr. Brantman stated, "This is Harry Russell." I said yes, "I am reading about you, Mr. Russell, in the papers."

Mr. Brantman stated:

Russell expects to be called as a witness before the Senate Crime Committee and he wants to know as to his rights and also if anything could be done to avoid embarrassment and publicity about a subpoena being served upon him.

I told Russell and Brantman at that time that I was aware of a friend of mine, Velie, who was somewhat familiar with the object purpose, and scope of the committee, and I would call him and tell him of Russell's desire to come forward and tell all.

I mentioned Velie's name in Russell's presence. There was no secret about it. I also told Russell that it would be a good idea for him to come forward and get on the right side of the fence, and it would do him a lot of good. I also told him that he might run from

the subpoena, but couldn't hide, that anybody who did in my opinion was a jerk.

Russell stated:

Well, it was a known secret as to his activities with the S. & G., but because he had a daughter aged 20 and a daughter aged 10 he wanted to avoid publicity.

Then I went through you might say the routine of advising him as to his constitutional rights. I made it very clear to Russell that in order to claim the privilege of self-incrimination, he must specify incrimination of a Federal violation. Otherwise, in my opinion it wasn't a good privilege. I underscored that time and again. Then Russell adverted to his activities which I believe is privileged, and I mentioned to him that if he felt in his own mind that he would incriminate himself on the basis of a Federal violation, he could invoke it, but to make a blanket privilege request would be of no avail.

Then Russell asked me if I would follow his hearings through to a conclusion. In other words, he had to appear in Washington and he had to appear in Miami. I said, "Yes, I would."

Then Russell stated, "I suppose this is going to cost a lot of money."

I said, "I hear you talking. What have you got in mind?"

He said, "What do you think it will take?"

I said, "Keep on talking."

Mr. Russell said, "Will it take \$25,000" and I didn't say a word. "Will it take 50." I didn't say a word. Then Brantman broke in and said, he saw me smiling, and he said, "This chap doesn't have the money he is supposed to have. What do you have in mind?"

"Ten thousand plus my expenses to follow it through to a conclusion, traveling expenses and so on."

I said, "Are you prepared to pay me a retainer?"

He turned to Brantman and said, "Will you tell him that I am reliable?"

Brantman said, "I have known this guy for some time. Go along with him. See what you can do."

Then Russell stated that he was going on a long week end to Wisconsin and that I should see what I could do in the meantime, and I left.

That same afternoon I telephoned Mr. Velie to New York and I told him that I had met Russell, that he wanted to come forward and speak up, and I thought it was a good break for an important guy in my opinion to come out and tell what he knew. I told him Russell's particular condition for coming forward to avoid embarrassment, and could we arrange to have the subpoena sent to my office. Mr. Velie stated that he would see what he could do.

Next thing I knew was a phone call from Mr. Halley. I told him what Russell had in mind. The question was, when could I get hold of Russell and bring him to New York or to Washington, whichever might be arranged. I said, "I don't know, but I will talk to a chap who brought him to me and I will see what I can do."

Over that week end, Friday, Saturday, and Sunday, Mr. Brantman could not locate Mr. Russell.

I was in communication with Mr. Velie during the week end, and I believe he in turn was in touch with Mr. Halley.

The first tentative date would be on a Monday. That was the day before July 4. But we couldn't contact Russell. Then I told Mr. Velie to contact Mr. Halley and tell him that at the first chance we could get we would dig up Russell.

Russell didn't come back to town——

Mr. HALLEY. Pardon me. Did you tell Mr. Velie at that time that you understood that Russell was in Wisconsin with Ralph Capone?

Mr. KUTNER. That is right; that is correct. I know you are rushed for time here. I want to cooperate as best I can.

The CHAIRMAN. I tell you, Mr. Kutner, if you would summarize it as briefly as possible, because we do have to leave on a 5 o'clock plane. We will be back in about 10 or 12 days, and anything that is unfinished we will be glad to have you testify further then.

Mr. KUTNER. I do think——

The CHAIRMAN. You go right ahead.

Mr. KUTNER. I do think, Senator, that in fairness to me this gratuitous ex parte statement——

The CHAIRMAN. Why don't you go on with your experience about Russell and then we will come back to this gratuitous statement.

Mr. KUTNER. Then, I think the next time I talked to Russell was on a Thursday when he came back from Wisconsin. Meantime, Mr. Brantman and I were trying to locate him. We had a lead to the Blackstone Hotel in Chicago, which we thought is where he stayed. I believe Mr. Brantman tried to locate him at several places. Russell came in, said he was out of town longer than he expected to be, and I told him that I talked with Mr. Velie and with Mr. Halley and that the subpoena could be sent to my office.

I said, "Now, Russell, what do you have in mind talking about? Let's go over it now."

So he began to review his life's history and he began to discuss how he got into S. & G. That took an hour or two, probably. Then we adjourned, and the next morning—by the way, all this time this was with Brantman being present. At no time did I see Russell alone, at any time.

Then I said to Russell, he had put me in rather an embarrassing position; I had worked on his matter for some time and had arranged what he desired. Then on Friday I talked to Russell again and at that point in the morning he was completely agreeable to going forward with his particular understanding, you might say.

Then he left. He came back about 2 o'clock and said he was thinking it over, that he felt that they should know what he was going to do; that they should not get any misunderstanding of what he was going to do.

I said, "You can talk to whoever you please. You are going to testify and tell the truth, which is important. No daydreams and nothing else."

So he said, "I have to make a call," and he made a call.

Mr. HALLEY. To whom?

Mr. KUTNER. To Jake Guzik. That is what he stated.

Mr. HALLEY. Did he make it from your office?

Mr. KUTNER. My office. He used my phone, right behind me.

Mr. HALLEY. He dialed it?

Mr. KUTNER. Yes. Then he mentioned him. He asked to see little Jake.

He came back I would say around 4 or 4:30 and he was agitated. I said, "Well, the die is cast. I expect the subpoena tomorrow morning in my office."

During that day, I believe, I talked to Mr. Halley and mentioned the fact that I had not yet gotten the subpoena, and I was advised it would

be mailed out that day air mail special, that I would get it the first thing Saturday morning.

Russell said at that time, "I want to think it over." I called him a rather emphatic fool, that here we had declared ourselves as to his intention and that he was going to hurt his chances of helping himself.

Then he said, "I will see you tomorrow morning." I said, "Look, my office is closed on a Saturday. We just don't work on a Saturday. But for you I will open it up, because I expect the subpoena."

So we had a time set, 10 o'clock. I told my secretary to come into the office at 10 o'clock. Mr. Brantman and I would meet Russell there at 10 o'clock. I got there about a quarter of 10 and met Brantman there, and my girl was there. At 10 o'clock Russell didn't appear.

I didn't receive the subpoena in the first mail. Then I telephoned Washington and spoke to Mr. Halley, and said I did not receive the subpoena. I was advised that it went out, that either the secretary or somebody took the letter to the airport for mailing. I told him I would stand by to get the subpoena.

We waited until approximately 10:30, and Russell didn't appear. I telephoned the hotel in Brantman's presence, and I told him—pardon me. On that Friday he was talking about, the reason why he wanted to think it over was because he didn't want a Binaggio deal. I said he was looking under the bed for shadows. That is why they had to know what he was going to testify to, "they" always being in italics and underscored.

I telephoned Russell at 10:30 Saturday morning. I said, "We are waiting here for you. Where are you?" He said, "I am a little delayed. Have you got the subpoena?" I said, "Not yet, but I expect it momentarily." He said, "All right, I will be over."

The subpoena arrived around 11 o'clock, special to my office. Russell didn't appear.

At about 11:20 he called up, by the way, and said, "I am delayed. Have you got it?" I said, "Yes, it is on my desk waiting for you. I am going to serve it on you and send a copy back to Washington to complete service."

Then he said, "I don't know what to do. What I told you yesterday worries me. I may have to take my chances."

I said, "Don't be a fool. It is here. Go down and tell your story and get it over with. Get it behind you."

He said, "I am coming right over."

We waited until 1 o'clock, Brantman and I, and Russell didn't appear.

I then telephoned Washington and reported to Mr. Halley that Russell didn't appear, and what to do with the subpoena. Mr. Halley suggested that I write a letter, returning the subpoena and stating the reasons why Russell didn't accept it. This I did in about eight lines.

From that day I have never talked with nor heard from Russell. I have not received one penny, et cetera.

I went down to Miami and accepted service of the subpoena there. I was not called as a witness. The letter which I wrote to Mr. Halley was released without my permission; and I have no objection to it, as a matter of fact, I want to make it very clear, because it was the truth.

About a week or two later, Russell issued a statement or a telegram to the press, that I was never his lawyer and that I was an agent for

the Senate Crime Committee. When I read that statement, I prepared a page and a quarter statement which indicates my reaction to it, and after I had gotten a call from the Herald American, who claimed they had "discovered" Harry Russell.

With your permission, Senator and the committee—

The CHAIRMAN. Do you want to treat it as read in the record at this point, and you read any part of it you want to?

Mr. KUTNER. I can shorten it. I will put it in the record, if you like. It is dated July 21. It was about 10 days later. I say this, it will take me just 2 minutes to go through it. May I?

The CHAIRMAN. Go ahead.

Mr. KUTNER (reading):

I have read with some boredom Harry Russell's frenzied and frightened text of the telegram which he is purported to have sent to Senator Kefauver, chairman of the Senate Committee Investigating Interstate Crime.

I note that he hysterically disclaims the truth of the stories referring to his failure to appear before the Senate committee in Miami.

Curiously, he now desires to communicate with the Senate committee since he was suddenly "found" by the Herald American.

I would rather say Harry Russell has "found" himself in a very embarrassing, if not awkward position.

When he consulted me on June 28, by arrangement with a mutual friend of ours, he knew then that the Senate Crime Committee desired his presence in Miami to question him as to his knowledge of gambling that had interstate scope.

In the presence of this mutual friend he inquired as to his rights and he was advised that the Senate Crime Committee was not a witch hunt but a competent and intelligent inquiry toward the end of ascertaining the organ extremities of organized crime.

He was further advised that, in my opinion, the committee and its counsel were learned lawyers and would certainly respect his constitutional privilege against self-incrimination, if Russell desired to invoke it.

Russell specifically requested and authorized me to indicate to the committee that he was willing to testify but he wanted to avoid any embarrassment to himself and family of having the United States marshal hunt him to serve a subpoena.

He further stated that he was taking the long July 4 holiday in Wisconsin and would return to Chicago on July 5, and in the meantime I should see what I could do.

He further assured me that he was aware that legal fees would be paid and he turned to this mutual friend for confirmation as to his reliability.

Being so authorized, I advised the committee of Russell's desire.

On July 7 Russell appeared in my office and in the presence of this mutual friend discussed his intended testimony.

After 2 hours of discussion he, Russell, stated that he wanted to confer with certain persons so they would know what he was doing and in that way he might avoid being misunderstood by these people and thus avoid a Binaggio deal.

We resumed our conferences at 2 p. m. and adjourned at 4:30 p. m. with an appointment being made for another meeting Saturday morning.

During the Friday afternoon discussion Russell appeared quite apprehensive and indicated a change of mind about testifying in view of Binaggio's case history. However, he said he would sleep on it overnight and see men the following morning.

On Saturday morning one-half hour beyond the appointed time, Russell telephoned and I advised him that a subpoena would arrive in my office that morning calling for his appearance in Miami on July 13.

He stated he would come over to the office right away.

Our mutual friend—

I use the word "mutual friend" just out of respect for this person—and I waited for Russell until 1 p. m. and he failed to appear.

In the presence of this mutual friend I dictated a short letter addressed to the Crime Committee returning the subpoena.

Russell states in his telegram that it is untrue he feared facing the committee. Notwithstanding the obvious fact that he is trying to crawlfish on paying a fee, maybe he knows the answer why he didn't appear when he knew he was wanted.

Obviously, the statement being an unqualified lie and the product of second-guessing by a carbuncle brain, he is trying to lay a foundation for a weak explanation as to why he failed to accept service of the subpoena which he knew was being forwarded to me as a courtesy and convenience to him.

I was subpoenaed to appear in Miami but did not testify. I did not issue any release to the press nor did I authorize the committee in making public my letter.

It was their decision to which I have no objection inasmuch as it is a true statement of fact.

In fact, as I told Russell, all of the persons who know they are being wanted should come forward to testify and still invoke their constitutional guaranty against self-incrimination if they wanted to.

They may run from a subpoena now, but they should realize they cannot hide, and in time the fact-finding inquiry by the Senate Crime Committee will be helpful in the legal functioning of a democracy.

The CHAIRMAN. That is a very fine statement.

MR. KUTNER. This was prepared on July 21, Senator.

I think where this hallucination came out directed to me, it has created a very dubious opinion of me. For over 20 years I have fought for due process of law and have fought for the underdog. More than half of my practice has been on a charity basis. I represented hundreds, if not more than 2,000, indigent prisoners at my own expense.

Questions are raised as to my so-called lavish offices which are recent. I have been there for almost a year and a half. Question was raised as to my new home recently reported to have been bought. That was bought 8 months ago. And so on, and so on.

The point is that all kinds of innuendo that I am a mobsters' counsel, and that I have some particular mysterious source of income. I am prepared to reveal my gross income which I took off my returns, which are sustained by my records. Do you want to hear that?

The CHAIRMAN. Yes.

MR. KUTNER. In 1949, gross income of \$70,000; in 1948, \$74,000; in 1947, \$18,000; in 1946, \$16,000. These are just arbitrary figures at that point. Sixteen-plus or sixteen-minus. 1945, \$16,000.

The CHAIRMAN. Of course, that \$74,000 and that \$70,000 is a lot of money, Mr. Kutner.

MR. KUTNER. Those are the fees I received representing people in income-tax cases. They were very substantial cases. I did a lot of work, it was day and night. And the clients paid the fee. They were able to afford it.

In cases where people can afford big fees and are willing to pay it, I have no reluctance to accept it; because that pays for my so-called charity program. I call it my poor man's justice program.

On my books, they are credited to the proper file. There is no mystery about it.

I do think that I will desire, in fact request, that this committee clarify this mysterious \$60,000 being vicious and untrue, and the fact that Drury ever met Russell and Brantman and I together. That is an astounding figment of daydreaming.

I have talked to Brantman, whether he made that statement. He says it is totally the bunk. So I am authorized to repeat that.

We never mentioned Russell to Drury and Connelly, nor did Drury and Connelly ever mention Russell in my presence.

This attempt to try and link up Russell and Drury is romantic class B serial stuff.

I will answer any question on Russell you desire me to answer, and I will refer to the Drury thing if you want me to.

As to Drury, I have a very detailed statement as to the important sequence of days which led up to his murder.

Mr. HALLEY. How long have you known Mr. Brantman?

Mr. KUTNER. I would say between 12 and 15 years.

Mr. HALLEY. Have you had business dealings with him?

Mr. KUTNER. Yes.

Mr. HALLEY. What kind?

Mr. KUTNER. He has represented me, and he and I have worked together on several cases. I have also represented him on his own personal legal matters.

Mr. HALLEY. Did he represent you or work with you on any of the tax cases you had in 1948 and 1949?

Mr. KUTNER. Yes.

Mr. HALLEY. Would you name any clients from whom you received fees of \$10,000 or more, in the years 1948 and 1949?

Mr. KUTNER. Yes. Clarence Hennan. And I had from Clarence Hennan in 1948 a fee of \$60,000, and in 1949 he paid me \$40,000.

Mr. HALLEY. What fee did you pay Brantman in 1948?

Mr. KUTNER. Brantman did not work on the Hennan case up to the conclusion. He dropped out of the case after a month or two of preliminary discussion. I retained another accountant, Julius M. Bank.

Mr. HALLEY. What fee did you pay Brantman?

Mr. KUTNER. I believe he got possibly, for the early discussions, a thousand or possibly not more than \$2,000.

Mr. HALLEY. What other clients did you have from whom you received fees in excess of \$10,000?

Mr. KUTNER. Well, there were several fees, I believe—oh, yes. Let's make it \$7,000, because I can't think offhand of other fees. I recall getting \$7,500.

The CHAIRMAN. Who was that from?

Mr. KUTNER. From Louis Rosenthal. He was indicted for mail fraud. The case is still pending.

There are fees totalling that amount, a thousand and two thousand back and forth.

Mr. HALLEY. Did you suggest to Brantman that you could be helpful to Russell, or did he first come to you?

Mr. KUTNER. The discussion of Russell, as I mentioned, occurred in this casual way by Russell's name appearing in the paper, and Brantman mentioned that Russell probably would be calling me. At no time did I telephone Brantman and mention Russell or that I could help Russell; at no time.

Mr. HALLEY. In discussing the fee, you say you suggested a fee of \$10,000?

Mr. KUTNER. After I was, you might say, trying to feel out Russell. got in mind?" He knew I was kidding him along. He said, \$10,000 Brantman saw I was sort of half smiling, and I said, "What have you plus my expenses.

Mr. HALLEY. Was any figure mentioned on the expenses? Any maximum figure?

Mr. KUTNER. No, not a bit. No. As a matter of fact, I think Russell asked me to estimate it. I said, "This is a wild guess. It might be \$2,000, \$3,000, maybe \$4,000 altogether."

I might add, Mr. Halley, that I have never seen or even read an abstract or a copy of Russell's testimony before the committee.

Mr. HALLEY. Was there any mention made of any sum, such as \$25,000 or \$50,000?

Mr. KUTNER. That came from him. He said, "Will it take 25?" And I kept on smiling. "Would it take 50?" Then Brantman said, "This guy hasn't got that kind of money."

Mr. HALLEY. You were talking at that time about your fee or about expense money?

Mr. KUTNER. Fees.

The CHAIRMAN. You mean that was Russell doing that talking?

Mr. KUTNER. Russell was doing that, that is right, trying to see what I had in mind. Actually, it was \$10,000 plus expenses. It came to that conclusion.

Mr. HALLEY. Was there ever any discussion that if you had certain money in addition to the fee, you could "do something" for Russell?

Mr. KUTNER. That is untrue, and it is silly. Russell dreamed that up, frankly.

Mr. HALLEY. You came to Florida in response to a telephone call?

Mr. KUTNER. That is right.

Mr. HALLEY. A subpoena was served upon you?

Mr. KUTNER. That is right.

Mr. HALLEY. You appeared in the courtroom ready to testify?

Mr. KUTNER. That is right.

Mr. HALLEY. On what subject were you told you would have to testify?

Mr. KUTNER. I think I have an outline of my intended testimony with me, a statement which was prepared which would cover my testimony there.

Mr. HALLEY. You balked at some of that testimony, is that right?

Mr. KUTNER. I balked at some of the privileged testimony as a lawyer has a right to do, in my opinion, as to the intimate details Russell disclosed to me.

Mr. HALLEY. You had given some very detailed information about the S. & G. Syndicate, is that right?

Mr. KUTNER. That is right.

Mr. HALLEY. You had, in fact, told me that Russell was to pay his share to Fischetti in Chicago, is that right?

Mr. KUTNER. I said that Russell was Fischetti's boy. That was my language.

Mr. HALLEY. Did you not tell me on the telephone that whatever profits Russell made weren't to be his, but were to go to Fischetti in Chicago?

Mr. KUTNER. I don't recall that.

Mr. HALLEY. Is it possible that you might have said that?

Mr. KUTNER. Mr. Halley, I don't think I could have said that, no, because I remember very clearly mentioning that Russell was, in my opinion, I said at that time, from my experience around the town, that he was Accardo's boy and Fischetti's boy.

Mr. HALLEY. Do you remember telling me that the S. & G. members, before each season, came to an agreement with the Miami Beach Police Department on how many arrests they would take?

Mr. KUTNER. That is correct.

Mr. HALLEY. And how much they would pay in total fines from the arrests?

Mr. KUTNER. I said to you sometime in November or October they agree as to how many arrests they would stand for during the season, and agree as to the total amount of fines.

Mr. HALLEY. You claimed that that, and a great deal of additional information you gave me, were privileged communications from a client, is that right?

Mr. KUTNER. That is right.

Mr. HALLEY. Under the pressure of, I will say, in effect asserting to you that I would question you about these things, I was attempting to get you to agree to give certain testimony which is summarized in a written statement which was dictated to a stenographer, is that right?

Mr. KUTNER. Yes. I don't think that the privileged stuff is in this statement. I have a copy of it.

Mr. HALLEY. That is right. We were trying to exclude from the statement the privileged matter.

Mr. KUTNER. Yes.

Mr. HALLEY. You were balking at even some of the material in the statement?

Mr. KUTNER. Yes; I was.

Mr. HALLEY. You remember we had an extended——

Mr. KUTNER. I felt I was his lawyer at the time, and that the stuff he had given me was sort of privileged.

Mr. HALLEY. We had an extended and almost acrimonious dispute in front of the stenographer?

Mr. KUTNER. I was enthusiastic and acrimonious.

Mr. HALLEY. An enthusiastic dispute?

Mr. KUTNER. Yes.

Mr. HALLEY. Finally, you agreed you would testify, is that right?

Mr. KUTNER. Yes.

Mr. HALLEY. It was in particular with reference to Harry Russell's being a participant in the S. & G. Syndicate?

Mr. KUTNER. That is correct.

Mr. HALLEY. Do you recall being in the courtroom the next morning?

Mr. KUTNER. I was there.

Mr. HALLEY. You were in the back of the courtroom?

Mr. KUTNER. I was in the back of the courtroom waiting.

Mr. HALLEY. And that morning, an accountant got on the witness stand and testified that Harry Russell was a member of the S. & G.?

Mr. KUTNER. Furman, that is right.

Mr. HALLEY. You remember my signaling to you that you could go, once that information was in the record?

Mr. KUTNER. I remember also heaving a sigh of relief.

Mr. HALLEY. You remained under subpoena, is that right?

Mr. KUTNER. Yes, sir.

Mr. HALLEY. Do you know anybody by the name of Stolar?

Mr. KUTNER. Lou Stolar?

Mr. HALLEY. Yes.

Mr. KUTNER. Yes; I do.

Mr. HALLEY. Have you had any discussions with him concerning this investigation?

Mr. KUTNER. No.

Mr. HALLEY. None whatsoever?

Mr. KUTNER. Not to my knowledge.

Mr. HALLEY. You would know.

Mr. KUTNER. I think the night before I left for Miami, I had gone to a country club dinner and Lou Stolar was there. I mentioned I was under subpoena at the Senate Crime Committee, and I was going to appear there.

Mr. HALLEY. There was no other discussion?

Mr. KUTNER. There were a lot of people sitting around. Sid Luckman and other people were sitting around.

Mr. HALLEY. Did you represent yourself as having any particular influence with this committee?

Mr. KUTNER. No.

Mr. HALLEY. You are sure of that?

Mr. KUTNER. Positive.

Mr. HALLEY. Do you know anybody by the name of Friedlob?

Mr. KUTNER. Fred Friedlob?

Mr. HALLEY. Yes.

Mr. KUTNER. Yes.

Mr. HALLEY. Have you had any discussions with him concerning this committee?

Mr. KUTNER. Never.

Mr. HALLEY. Do you know a young lady by the name of Friedlob?

Mr. KUTNER. Yes.

Mr. HALLEY. What is her name?

Mr. KUTNER. June Friedlob.

Mr. HALLEY. She goes under the name of June Treavers?

Mr. KUTNER. That was her old stage name; yes.

Mr. HALLEY. Have you had any discussions with her concerning this committee?

Mr. KUTNER. No, never. I mentioned the fact, when her uncle's name was mentioned, Joe Gravener, we discussed his situation with Shamus Dobkin, and then Gravener called me.

Mr. HALLEY. What did you tell her about Gravener?

Mr. KUTNER. I said according to the reports, Gravener and Shamus Dobkin, and all the other people mentioned in the whole list, might be questioned.

Mr. HALLEY. What reports did you refer to?

Mr. KUTNER. Newspaper reports.

Mr. HALLEY. What newspaper did you see that list in?

Mr. KUTNER. I believe it might have been any number of papers, one of them.

Mr. HALLEY. I would like to know in what newspaper you saw the name of Gravener as somebody who might be called by this committee.

Mr. KUTNER. It might have been the News, I believe. It might have been some other paper. I recall seeing it in the paper. In fact, June Friedlob and I discussed several times Joe Gravener's activities.

Mr. HALLEY. What activities?

Mr. KUTNER. That he was a book.

Mr. HALLEY. That he had a hand book?

Mr. KUTNER. Yes.

Mr. HALLEY. Where?

Mr. KUTNER. Well, that he had a lay-off, I believe it was.

Mr. HALLEY. Where?

Mr. KUTNER. This I didn't get from her. I got this from Bill Drury about Joe Gravener and Shamus Dobkin.

Mr. HALLEY. Being bookies here in Chicago?

Mr. KUTNER. Here in Chicago, and that Joe Gravener was probably one of the important lay-off guys in the country.

Mr. HALLEY. You go ahead. Your answer is more important than my question.

Mr. KUTNER. Drury at that time was preparing a rather lengthy list of the persons he thought might be questioned by this committee, and that we discussed a number of people, including Gravener and Dobkin, Accardo, and everybody else.

Mr. HALLEY. Were you considering talking to the people on that list with reference to possibly representing them?

Mr. KUTNER. No.

Mr. HALLEY. Why did you talk to June Treavers about representing Gravener?

Mr. KUTNER. Not about representing him at all. I said to her, "He probably is going to be called one of these days," and I think she replied, in substance, "If he is, he certainly ought to talk with you." I said, "That is up to you."

Mr. HALLEY. Had you given her the impression that you had any special knowledge or influence in this committee?

Mr. KUTNER. No.

Mr. HALLEY. Why should he certainly talk to you if he was going to be called?

Mr. KUTNER. Around this city, I have had a fair degree of success due to hard work, I suppose, and a lot of original planning in lawsuits, and that was it.

Mr. HALLEY. Are there any other people to whom you have talked about the possibility of representing them before this committee?

Mr. KUTNER. No.

Mr. HALLEY. Did you have any discussions in the New York City area with prospective clients?

Mr. KUTNER. Prospective clients? No.

Mr. HALLEY. Or people whom you believed might be called before this committee?

Mr. KUTNER. Yes. There is a chap from Miami. I was in New York at the time, and a man I had met in Miami when I was around the Miami committee, saw the name in the paper, and so on. His name, I believe, was Rosenfeld from Rhode Island. I believe I telephoned to you that he thought he was going to be called in Rhode Island, and I called your office, Mr. Halley, and tried to locate you. You called me back.

Mr. HALLEY. In fact, you made a frantic call to my office.

Mr. KUTNER. I wouldn't use the word "frantic" call.

Mr. HALLEY. It was sufficiently frantic so that my secretary pursued me to Atlantic City with information that you were calling on a life and death matter. Is that not so?

Mr. KUTNER. No; I think that dramatic description doesn't apply.

Mr. HALLEY. It certainly was. You were about to leave for Europe, weren't you?

Mr. KUTNER. I wanted to get information to you that Rosenfeld wanted to see you.

Mr. HALLEY. That you were going to bring Rosenfeld in to talk?

Mr. KUTNER. That is right.

Mr. HALLEY. Have you ever since then approached me with regard to Rosenfeld?

Mr. KUTNER. No.

Mr. HALLEY. Why not?

Mr. KUTNER. I have not had the occasion to. I have tried to locate you here in Chicago 2 weeks ago.

Mr. HALLEY. You wrote me a letter about Drury and Connelly.

Mr. KUTNER. That is right.

Mr. HALLEY. There was nothing in that letter about Rosenfeld, was there?

Mr. KUTNER. No.

Mr. HALLEY. What did you say to Rosenfeld?

Mr. KUTNER. To Rosenfeld? He wanted to know if I could arrange for him to meet you. I said I thought I could. That was it.

Mr. HALLEY. Did you say you were a friend of mine?

Mr. KUTNER. That I knew you.

Mr. HALLEY. Did you intimate that your acquaintance with me was anything except the very professional acquaintance of having discussed the Russell matter with me?

Mr. KUTNER. You mean beyond that point did I go?

Mr. HALLEY. Yes.

Mr. KUTNER. The answer is "No."

Mr. HALLEY. You did not?

Mr. KUTNER. No.

Mr. HALLEY. Did you have any discussions with anybody else in or around New York or when you were in New York?

Mr. KUTNER. Not to my knowledge.

Mr. HALLEY. Were any other persons present when you talked to Rosenfeld?

Mr. KUTNER. He was down at Miami and I was in my room at the time. No.

Mr. HALLEY. Did you talk to him on the telephone?

Mr. KUTNER. On the telephone?

Mr. HALLEY. Did he call you or did you call him?

Mr. KUTNER. A call came in from Miami through a chap named Tubbins, whom I had met, who owns a drug store down there. Then he put this chap on the telephone. He had gotten word from his office in Rhode Island that he was being looked for, and to check and find out if that was the Senate Crime Committee.

I did ask you whether you were going into Providence or Rhode Island at the time. You said not at this time, but you might possibly.

I asked you whether or not it was possible for him to return home without being served with a subpoena, and you said "Yes."

Mr. HALLEY. You didn't construe that to mean we were looking for Rosenfeld, did you?

Mr. KUTNER. No.

Mr. HALLEY. You know that I had never heard of Rosenfeld before you called. You knew that. Did you intimate to Rosenfeld that this committee was looking for him?

Mr. KUTNER. No.

Mr. HALLEY. You did not?

Mr. KUTNER. No; of course not. What happened was this.

Mr. HALLEY. Was Rosenfeld on Drury's list of people whom the committee might subpoena?

Mr. KUTNER. No.

Mr. HALLEY. Or question?

Mr. KUTNER. No.

Mr. HALLEY. What was the purpose of compiling that list with Bill Drury?

Mr. KUTNER. The list would be to turn it over.

Mr. HALLEY. To whom?

Mr. KUTNER. To this committee, by Drury. That was Drury's intention.

Mr. HALLEY. Do you have that list?

Mr. KUTNER. I think that is something which is a question whether I should give it to the committee, because it is Drury's idea. I don't want to be placed in the position of trying to turn over that which was his creation.

Mr. HALLEY. Is there a physical list, something in writing on paper?

Mr. KUTNER. Yes. As a matter of fact, there is also more than that. Drury had compiled detailed notes and notebooks.

Mr. HALLEY. Will you please turn over to this committee everything in your possession relating to the matter about which we have been talking, including the list, the notes, and the notebooks?

Mr. KUTNER. The notebooks I have been trying to locate, as a matter of fact. I have been asked a dozen times where are the notebooks. I do know—and this has been checked by various people—that Drury did state to me dozens of times that he had a note and a complete diary of every day of his police activity. When he was killed a reporter called me and asked me if we knew about this notebook of Drury's. I said "Yes, Bill told me a dozen times, if not more, that he had all this complete diary of Bill's, and that some day we were going to do a book together on his career." I do not have, frankly, his notes or notebooks.

Mr. HALLEY. Do you have the list?

Mr. KUTNER. I believe I might have it.

The CHAIRMAN. Mr. Kutner, will you get the list and turn it over to the committee? Do you have it there now?

Mr. KUTNER. I don't have it, Senator.

The CHAIRMAN. Will you get it and turn it over to Mr. Robinson?

Mr. KUTNER. All right.

Mr. HALLEY. I think because of the shortness of time I would like to ask any further questions at a subsequent meeting, Mr. Chairman.

Mr. KUTNER. Could I also put into the record my complete statement? You might telescope it. If you want any enlargement upon it.

The CHAIRMAN. Yes, we would like to have anything you want to put in the record, Mr. Kutner.

Mr. KUTNER. May I also be authorized to give the releases of the statements I am giving to the committee, which may clarify the position? The statement I am giving out to the committee, the statement as to the Drury thing and the statement as to the Russell thing.

The CHAIRMAN. You want to testify under oath to everything in this statement, do you?

Mr. KUTNER. Yes. I might also add in addition to my statement there is attached to the statement a statement made by my secretary, by herself, corroborating that last day and also the August 18 day of what took place relative to Drury. What the statement contains, Senator, is true and correct.

The CHAIRMAN. Mr. Kutner, I haven't had a chance to read the statement in detail. Of course you have a right to give the press anything you want to give them. You are swearing to this statement so you say this is the statement you gave.

Mr. KUTNER. That is true and correct.

(The statement follows:)

IN RE WILLIAM DRURY

Within the past 4 days there appears to be a very definite disparity, if not confusion, in statements given by Thomas E. Connelly and statements made by me which were published in the press.

I believe a series of circumstances were set in motion some time ago by Drury because of his relentless and never-ceasing activity to solve the Ragen killing of June 24, 1946, and to vindicate himself and Connelly and obtain reinstatement and restoration on the police force.

I am convinced that Drury did not take Connelly into his confidence, as evidenced by the many occasions when Drury came in alone and on other occasions when Connelly came in alone. In the majority of instances, however, they came in together.

The pattern begins to fall into place on August 18, 1950, when Drury and Connelly came into the office, after telephoning for an appointment, and brought with them an issue of the Saturday Evening Post containing an article of a series of stories written by Big Jim Morton, who is also known as King of the Thieves.

Prior to this time, Drury and I had discussed one Danny McGeohagen, and sometimes in the presence of Connelly, who (according to Drury), was supposed to be the person who had been in on the planning of the Brinks robbery in Boston.

I also received two or three telephone calls from unnamed persons, about McGeohagen, but this was not at all unusual inasmuch as in my practice on many occasions I receive tips, information, and suggestions from anonymous callers about criminals, crimes, and particularly about inmates in penitentiaries who desire to complain about Warden Joseph E. Ragen and his maladministration of the institution.

I talked with Drury several times about McGeohagen and mentioned to Drury that if McGeohagen could "hit the street," according to my tipsters, he would be willing to talk and give some clues about the Ragen killing and how Drury and Connelly were framed by the mob.

After discussions along the same vein on several occasions, I talked to an agent of the FBI and told him about McGeohagen and suggested he look into it. The agent's name escapes me, but he accompanied Agent Grill in my office on one or two occasions when they were investigating the files consisting of complaints and statements against Warden Joseph E. Ragen.

Agent Grill should easily be able to furnish his name.

On August 18 Drury and Connelly came into the office with the Saturday Evening Post article and Drury stated in the presence of Connelly that they had a lead on the letter Big Jim Morton had written to McGeohagen, which contained statements, the gist of which was that Morton had been approached by Yaras, Patrick, and Block to go in on the Ragen job, but that he had declined because he wanted no part of the Chicago mob—and that he, Big Jim, knew that the two coppers were framed by the mob and kicked off the force.

Drury called my attention to the fact that Louis Seltzer, of the Cleveland Press, was mentioned in the article, and I believe the inference was drawn that Seltzer knew where Morton might be reached.

In the presence of Drury and Connelly I dictated a letter addressed to Seltzer, stating in substance my representation of Drury and Connelly, their part in the Ragen investigation, and the reference to Morton, who might be an important witness in laying the foundation for the ultimate petition for reinstatement before the civil-service commission.

Many times I told Drury that I did not want hearsay, guesses, or dreams—I wanted tangible evidence which could stand up in court which I would turn over to State's Attorney John Boyle for his consideration. Drury said that if Morton would prove the lead they had gotten, that might be the break they were looking for.

In my letter to Seltzer (copy attached) I suggested an appointment be made for meeting with Morton either in Cleveland or Chicago, or wherever he chose. To this date I have not received a reply from Mr. Seltzer.

I signed the letter in their presence—first showing both Drury and Connelly what had been transcribed—and returned it to my secretary for mailing.

During the transcription of notes on this letter Drury wanted to know if he might make a call on my private wire. He gave me a number which I relayed to my secretary on the intercom advising her to place this call on my private line and ask for Mr. Bas and to tell him that Drury was calling. I do not recall the number or the exchange.

When the call was put through Drury spoke as follows: "About that thing I was talking to you about, I can see you." Then he hung up. I asked Drury what he was doing with Bas, and he said: "Oh, Marvin and I have something cooking." Connelly was present during this entire time.

August 18, 1950, was a very busy day for me inasmuch as I was making plans to go to Europe. I had spent the morning with several clients preparing a case for trial.

Drury called me a day or so later about getting in touch with Rudolph Halley, and I told him to come in with Connelly and we would see what we wanted to say.

Drury told me he was on something which looked pretty good to him, but he was not ready to tell me what it was. He said he did not want to give this new development to anyone, but he wanted to present the new material before the Crime Committee, and then he finally said a new find would corroborate Davidson, the surviving eye witness to the Ragen killing, who did not recant.

I then drafted a letter at their request to Halley, and Drury suggested that it was of such importance that I had better red-flag it by marking it "confidential."

We discussed the contents, and I told him I would get it out before the end of the day. This I did and sent it off to Halley.

On August 25, 1950, the night before I was supposed to leave for Europe, Drury called me to ask whether or not I had heard from Halley and to wish me bon voyage.

I replied in the negative and said that if Halley did reply in my absence my office could advise Halley where he might reach both him and Connelly.

I asked Drury how things were going, and he said: "This is terrific; I know I have something which will stand up." I again mentioned that we must have facts, not hearsay or dreams, and must have evidence that would stand up in court. I said that if I were satisfied I would relay the information to John Boyle. He agreed and told me he would see me on my return.

I returned to the office from my trip to Europe on Tuesday morning, September 19, 1950, and found several messages that Drury had telephoned. Before I had a chance to return his calls I received another from him, and he came in that afternoon. He came in alone and was in excellent spirits and very enthusiastic. He said that while I was away he had done a lot of work, and this time "it was a bull's-eye."

I asked him if Tom knew, and he replied, "No," as he felt the fewer people who knew about it the better. Furthermore, he added, that he did not see Tom too frequently.

I asked Drury whether this "something" would stand up, and he said this was the break he was looking for and which would make the Senate Crime Committee retry the entire Ragen case and corroborate Davidson, who was the one witness that never recanted. Drury asked if I had heard from Halley, and I told him about the two letters—one from Halley's secretary acknowledging mine in his absence, and the other from Halley himself expressing his desire to interview both Drury and Connelly.

Drury said that according to the press Halley would be in Chicago on Wednesday, September 20, and he would locate Tom, so that they might be available for interview.

I called Robinson, of the Senate Crime Committee, and asked him to have Halley call me at the first opportunity.

On Wednesday I again called Robinson but spoke to Kiley instead and he mentioned the fact that Halley had made several appointments but he would see that

my message was called to Halley's attention. I told Kiley that Drury and Connelly were available and that they were anxious to get together.

Drury telephoned and later came in alone, and I told him I had left a message for Halley and that he was to call me later in the day. Drury called again later in the afternoon and I repeated that I had heard nothing from Halley and gathered he was much involved with previous commitments.

Drury was somewhat disturbed and said, "What is the matter with those fellows; don't they know that the Ragen killing is the guts of the entire set-up?" I told him I was sure that Senator Kefauver and Halley knew the score and like anything else, these things take time before crystallization.

Thursday Drury called again and asked whether I had talked to Halley to which I had to reply in the negative. Drury said he was sitting on something that would really "set them on their ear." I told him that sitting was not sufficient but he should hatch it out. This was the real opportunity for him and Tom to break open the Ragen killing and vindicate themselves.

On Friday, Drury came in alone around 3-4 p. m. after calling to say he would be in and expressed his annoyance and disappointment at Halley's failure to find time to see him in town. I again stated how busy Halley must be and urged him to take it easy, mentioned the letter of Halley's wherein he expressed his desire to see both Drury and Connelly.

I asked him how things were hatching and he said "swell." Our interview lasted only a few minutes as I was extremely busy.

On Monday, September 25, 1950, at about 12:35 p. m., just as I was about to go out for lunch, Drury called and this time his voice was deadly serious and he said, "I'm awfully hot—I've got to see you." I told him that I had a 2 p. m. appointment but to come in anyway and I would see him as quickly as possible.

While I was in conference Drury and Connelly were announced and they came into my office around 2:15 p. m. Drury walked in waiving a copy of the front page of the Miami Daily News and in an irate tone of voice said, "What do you make of it?" I asked him, "Make of what?", and he handed me the front page and I read the story that Drury was willing to testify before the Senate Crime Committee and that the material about which he was going to testify was in substance along the lines of my letter to Halley which I specifically requested therein be held in confidence.

Drury said, "Don't they know what they are doing to me? Here I am supposed to spring a surprise witness and it's plastered on the front page."

I told Drury that I was certainly as annoyed as he and would try to straighten it out with Halley. I called for the Drury file and showed him a copy of my letter to Halley and said that insofar as we were concerned we did all we could to keep the thing confidential.

I asked my secretary to immediately try to locate Halley at the Crime Committee but she was directed to the Federal courts where he was unable to be located. I then asked her to place a call to Robinson, Halley's assistant, but as he was not available, she left a message for Robinson to call me.

I went over the high lights of the Ragen case with Drury and Connelly, about the witnesses and I remember asking Drury if he knew where the police officer might be found, who saw Block throw guns in the lagoon. Both Drury and Connelly said they could locate the officer. I asked where the guns were that were fished out of the lagoon and Drury replied, "They are missing."

Then I asked both Drury and Connelly if they were able to find Bernice Howard. She was the prostitute in whose rooms the recantation of two witnesses (LeRoy Russell and John White) had taken place. They both answered that they believed she was but a myth. No one had ever seen her or located her. They did run down one woman by that name but she was not "the" Bernice Howard.

I told both Drury and Connelly, "Now when you testify before the committee, stick to facts, not guesses or suspicions, as this is the only chance there will be to lay a foundation for a petition for reinstatement before the civil-service commission and this evidence you have must stand up firmly in court." I then said I was not going to John Boyle unless I was sure myself that it all made sense.

I asked them when they had last seen Davidson. They told me about a month previous and mentioned that they were always able to keep in touch with him.

I told them I would like to talk to Davidson and suggested the following day for an interview. They agreed to so arrange. In the meantime Drury again digressed to the Miami Daily News story and I told him the damage had been done and to simmer down as the thing would work out. It was then we decided to call

Robinson. My secretary informed me after placing the call that Mr. Robinson was not available and that she had left word for him to call me.

Connelly then walked out and I am advised that he made a point of waving her (Miss Shea) good-by. Drury hung back for 8 or 9 minutes. I asked him what made him think he was so hot. He said, "Well, I know I'm hot with this new witness I've got, then this story breaking into the news doesn't help."

I kidded him about his muscles and the fact that he certainly could take care of himself, to which he replied that he surely could so do if he met his opponent face to face.

I told Drury he was being unduly alarmed and he made me promise to follow through and get word to Halley. This I agreed to do—i. e., to tell Halley how he, Drury, felt about the premature break on the story. My closing word was "to dig up Davidson and bring him in." "I hope this is it—if Davidson stands up and I'm satisfied, I want to see this surprise you've got. Then if that stands up, I'll relay it to John Boyle," Drury said, "O. K., see you tomorrow."

We shook hands and he left. I walked him to the door. I remember saying to him, "Just don't get in an uproar, it will all work out." His final reply was "I hope so."

About 5:15 p. m. Robinson telephoned and I rather angrily told him about the story in the Miami Daily News which was almost a substantial quotation of the letter I had written in confidence to Halley about the Drury-Connelly testimony.

I told him that Drury had been in the office and jittery as he had been never before and had "blood in his eye." I said, "I wonder if you and Halley know what is going on—this story just about nullifies his value as a witness and you should certainly protect him. If he is to be your witness, then you ought to protect him."

Robinson disclaimed knowledge of the letter and petition for certiorari I had forwarded to Halley, giving the break-down of the facts in the Drury-Connelly case and he, Robinson, said he would communicate with Halley and convey my message, and he also requested a copy of the petition so that he might have same in his office. This I agreed to have delivered to him the following morning.

Robinson then asked if I had Drury's telephone number. I gave him both Drury's home and business telephone numbers. I told Robinson that if Halley wanted me, he had my home telephone number and that I wanted to talk to Halley.

This telephone conversation with Robinson took place in the presence of my secretary.

AUGUST 18, 1950.

In re possible solution of James M. Ragen's assassination with the assistance of Big Jim Morton.

MR. LOUIS SELTZER,

Editor, Cleveland Press, Cleveland, Ohio.

DEAR MR. SELTZER: I represent Capt. Thomas E. Connelly and William J. Drury, formerly of the Chicago police department, who were discharged by virtue of the fact that they dared to solve the assassination of James M. Ragen by causing the arrest and assisting in the procuring of witnesses against defendants Leonard Patrick, Dave Yaras, and William Block.

Patrick and Block are ex-convicts, and all three are known criminals, and there is a definite connection with the so-called syndicate leading up and into the lap of Jack Guzik.

As you probably know, the proximate cause of the charges against Connelly and Drury stemmed from the day they dared to arrest Guzik while they were in the midst of their assignment of solving the Ragen killing; Guzik was released on habeas corpus and made this threat: "I want to get your jobs"—and he did.

Big Jim Morton, we are reliably informed, was approached by either Yaras, Patrick, or Block to join in on the assassination of Ragen.

We are further informed that Morton in a communication with one Danny McGeohagen stated the facts as I have mentioned. Morton further stated that he wanted no part of the Chicago mob set-up because of the alliance between crime, local police officers, and politics.

He also stated in a letter to McGeohagen that the two policemen were framed, because they had the "guts" to solve the Ragen killing.

The purpose of my writing to you, Mr. Seltzer, is to inquire and enlist your assistance in arranging an interview with Big Jim Morton either in Chicago, or

in Cleveland, toward the end that we may all join in the solution of the Ragen killing and for the ultimate vindication of Connelly and Drury.

I trust I will have the pleasure of an early response.

Yours very truly,

LUIS KUTNER.

AUGUST 22, 1950.

In re James M. Ragen killing

RUDOLPH HALLEY, Esq.,

Chief Counsel, Special Committee To Investigate Organized Crime in Interstate Commerce, Washington, D. C.

DEAR MR. HALLEY: I represent Capt. Thomas E. Connelly and Capt. William J. Drury in the matter now pending in the United States Supreme Court seeking certiorari from the State of Illinois to review a decision for the civil service board that discharged these officers for cause.

These two police officers, implacable foes of crime and criminals, dared to arrest Jack Guzik while they were working on the solution of the Ragen killing.

The enclosed petition and brief for certiorari give you complete statements of fact.

The three suspects who were indicted are Dave Yaras, 5516 Gladys Avenue, Chicago; Leonard Patrick, 3307 Independence Boulevard, Chicago; and William Block, 1210 South Kominsky Avenue, Chicago.

Drury and Connelly both believe and they have evidence to state that the above three named defendants are guilty of the killing notwithstanding the dismissal of the indictments by the State's attorney, who claims Drury and Connelly produced witnesses to frame Yaras, Patrick, and Block.

The three named defendants can be located at their headquarters at 3714 Lawn-dale Avenue, Chicago, and Block especially is now in the higher levels of the syndicate and is the agent for the Continental Wire Service, I believe, in Broward County, Fla.

If you would like to arrange to talk with Drury and Connelly, they are available and this letter is being written at their request.

I trust this letter will be held confidential.

Yours very truly,

(S) LUIS KUTNER.

IN RE WILLIAM DRURY

SEPTEMBER 26, 1950.

On the afternoon of August 18, 1950, at or about 2 p. m., as per appointment, Drury and Connelly came into the office to see Mr. Kutner. Shortly thereafter Mr. Kutner buzzed for me to bring in my notebook.

Connelly produced a Saturday Evening Post article, King of the Thieves, by Big Jim Morton, which Mr. Kutner glanced over then directed me to secure all three articles written by Mr. Morton for our scrapbook on crime.

A letter was then dictated by Mr. Kutner to Louis Seltzer, editor of the Cleveland Press, asking that an interview be arranged with Mr. Morton and Messrs. Drury and Connelly.

While in the midst of transcribing this letter I distinctly recall being called on the intercom by Mr. Kutner and asked to place a call to Mr. Bas (whose telephone number I do not now remember) on the private line. This call was to be taken by Mr. Drury—the call was completed.

Monday, September 25, 1950: At about 12:30 p. m. Drury telephoned Mr. Kutner to ask if he might come in that afternoon. In my presence Mr. Kutner spoke with Drury telling him to come in around 2 p. m. or thereabouts; he seemed to be reassuring him about whatever they were discussing. After the call Mr. Kutner turned to me and remarked that Drury had important news and would be in that afternoon.

When we returned from lunch, about 1:45–2 p. m., Drury and Connelly were on hand. About 15 or 20 minutes after they went into Mr. Kutner's office, I was asked via intercom to place a call to Mr. Rudolph Halley. I could not locate him at the crime commission—nor could they give me any notion of where he might be and suggested I try the Federal Building—to no avail. After relaying this information to Mr. Kutner, he directed me to call Mr. Robinson, Mr. Halley's assistant. He was not available, so a message was left for him to call Mr. Kutner later that day.

Connelly left Mr. Kutner's office alone. I particularly noted his leaving because he made a point of bidding me goodbye. Mr. Drury did not come out for another 5 to 10 minutes.

At or about 5 p. m. Mr. Robinson returned Mr. Kutner's call and spoke with him in my presence along the following lines:

Drury came in with copy of the Miami Daily News containing a story apparently based on letter Mr. Kutner had written to Halley and which had been confidential. Drury was jittery and "had blood in his eye." Mr. Kutner continued stating that Halley had replied to his letter, saying he would be pleased to interview both Drury and Connelly. In angry tones he, Kutner, told Mr. Robinson how upset Drury had been and how upset he was also at the leakage of "confidential" information and said "he's your witness and treating him this way is going to nullify his value as a witness." "He's your witness and you ought to protect him."

Mr. Kutner then urged Mr. Robinson to get in touch with Mr. Halley immediately to advise him how he, Kutner, and Drury both felt at this disclosure of confidence and arrange protection for Drury who insisted "he was hot." Mr. Kutner then gave Mr. Robinson telephone numbers at which Drury could be reached—both home and business.

Mr. Kutner mentioned the documents in the Drury-Connelly case which he had sent Halley and then promised the following morning he would have delivered to Robinson copy of petition for writ of certiorari.

After talking with Mr. Robinson, Mr. Kutner again made mention of the jittery state Drury had been in when he was in the office earlier that afternoon.

Mr. KUTNER. May I have some indication that this reference to \$60,000 be clarified?

The CHAIRMAN. Off the record here just a minute.

(Off the record.)

The CHAIRMAN. We will be back here week after next and we will probably want to get you in again, but we will let you know and you remain available to us.

Mr. KUTNER. If I leave town I will let you know where I am. I can always be found when I leave.

The CHAIRMAN. Thank you, Mr. Kutner. We will expect you to bring Mr. Robinson this list and the other memorandum you have.

Mr. KUTNER. Anything I can find in the office pertaining to what we testified to.

The CHAIRMAN. All right, sir.

(Whereupon, at 4 p. m. the committee adjourned subject to the call of the chairman.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

TUESDAY, OCTOBER 17, 1950

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
Chicago, Ill.

EXECUTIVE SESSION

The committee met, pursuant to the call of the chairman, at 9:40 a. m., in room 267, United States Courthouse (Old Post Office Building), Chicago, Ill., Senator Estes Kefauver (chairman), presiding.

Present: Senator Kefauver.

Also present: Rudolph Halley, chief counsel; George S. Robinson, associate counsel; Alfred M. Klein, assistant counsel; George H. White, Patrick H. Kiley, William C. Garrett, and W. D. Amis, investigators.

Elmer Oltman, Intelligence Unit, Bureau of Internal Revenue, Kansas City Division; and N. F. Ortwerth, Internal Revenue agent, St. Louis Division.

Otto Kerner, Jr., United States attorney, Northern District of Illinois.

The CHAIRMAN. The committee will come to order.

We will let the record show that the chairman of the committee, pursuant to a resolution authorizing the chairman to designate one person to hold hearings, to swear witnesses and to take their testimony, has designated himself as a committee of one for that purpose.

Who is our first witness?

(Discussion off the record.)

The CHAIRMAN. Mr. Bernstein, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BERNSTEIN. I do, sir.

TESTIMONY OF EUGENE BERNSTEIN, ATTORNEY, CHICAGO, ILL.

Mr. ROBINSON. What is your name?

Mr. BERNSTEIN. Eugene Bernstein.

Mr. ROBINSON. Where do you live, Mr. Bernstein?

Mr. BERNSTEIN. 77 West Washington Street is my office and business address.

Mr. ROBINSON. Is that your business address?

Mr. BERNSTEIN. It is; yes, sir.

Mr. ROBINSON. What is your residence address?

Mr. BERNSTEIN. 616 North Rush Street.

Mr. ROBINSON. What business are you engaged in?

Mr. BERNSTEIN. Attorney at law.

Mr. ROBINSON. How long have you been practicing?

Mr. BERNSTEIN. I was admitted in 1919. I have practiced virtually since that time.

Mr. ROBINSON. Were you at one time employed by the Internal Revenue Bureau?

Mr. BERNSTEIN. I was.

Mr. ROBINSON. Over what period of time were you employed?

Mr. BERNSTEIN. I believe I came in the service about 1913 or 1914. I left the service in September or October of 1923.

Mr. ROBINSON. Do you in your practice handle a considerable amount of tax work?

Mr. BERNSTEIN. I more or less specialize in that type of practice.

Mr. ROBINSON. You recall perhaps when we talked some time ago we went over a list of people whose records were subpoenaed whose tax matters you had handled. Do you recall offhand from that list the names of some of those people whose tax matters you handled?

Mr. BERNSTEIN. Yes. I handled the tax returns for Rocco DeGrazia, for John Guzik, Anthony Accardo, Murray Humphreys, Lawrence Imburgio a few years before he died.

Mr. ROBINSON. Did you handle the returns for Paul DeLucia?

Mr. BERNSTEIN. Since he has been out of the penitentiary, yes.

Mr. ROBINSON. Not prior to that time?

Mr. BERNSTEIN. Not that I recall.

Mr. ROBINSON. How about Louis Campagna?

Mr. BERNSTEIN. I at no time handled tax returns, but of course I handled a tax settlement matter for both Campagna as well as Mr. DeLucia.

Mr. ROBINSON. Did you ever handle the returns for the Fischettis, Rocco or Charles, at any time?

Mr. BERNSTEIN. I might have, but I am not positive. I remember handling one settlement for them some years back. I believe I may have made one return either for Charles Fischetti or Rocco Fischetti, but I am not definite about that.

Mr. ROBINSON. Do you recall what particular time, what particular year you handled the returns for those two?

Mr. BERNSTEIN. It seems to me that it may have been only one year, and that may have been either 1948 or 1949, but I am not definite about that, because there was nothing involved. It was a rather simple return, if I recall correctly.

Mr. ROBINSON. Can you state what the nature of the business was of some of these people that you have named?

Mr. BERNSTEIN. That, Senator, I ask if I may not employ the privilege of an attorney because in handling matters for these people there was a fiduciary relationship and I believe the relation of attorney and client resulted. You have their returns, and I feel that you know what their business was.

Mr. ROBINSON. Let me ask you this, Mr. Bernstein. How mechanically would you handle the returns so far as preparing them? Would you be submitted certain documents? Just how would you go about making up the returns?

Mr. BERNSTEIN. Yes, some of them would invariably give me figures. Some would give me miscellaneous income. I advised them they should keep detailed records of that because if they were questioned by the Internal Revenue officer in case they failed to list a certain item of income or if the agent discovered a certain item of income, they would automatically add that to the miscellaneous income unless they had complete breakdowns. They did not furnish me any breakdowns as to what their miscellaneous income would constitute. If I had independent information, then I would go into it rather at length and try to get details as to the transactions.

Mr. ROBINSON. Did you get any records from them at all so far as making up the miscellaneous income?

Mr. BERNSTEIN. On one I got records. I have got detailed records. By the way, I also made the returns for R. & H. and for, as it comes to my mind, Hymie Levin. Some of these men gave me complete, not a financial statement, but a complete breakdown of their income.

The CHAIRMAN. You say you made a return for R. & H.? That is one of the news services?

Mr. BERNSTEIN. That is right.

Some of them would give me—of course, in R. & H., incidentally, I had the records and there was no difficulty in getting complete details out of that.

Mr. ROBINSON. What was that time?

Mr. BERNSTEIN. That was up to 1949.

Mr. ROBINSON. Who were the partners in R. & H.?

Mr. BERNSTEIN. It was a partnership. I invoke the same confidential relationship. You gentlemen know who were in that, so why—

The CHAIRMAN. Mr. Bernstein, even if there is some basis for the professional confidential relationship between attorney and the client in a committee hearing of this kind, which I doubt, I don't think that stating the nature of the business or who the partners were is a matter of confidence.

Mr. BERNSTEIN. I believe it was Phil Katz. When I say believe, I know it was Phil Katz. It was Hyman Levin. There is one more, if you will give me a moment. It is funny, I know the name. Roy Jones.

Mr. ROBINSON. For what period of time did you handle the returns for R. & H.?

Mr. BERNSTEIN. I believe from the inception of the partnership.

Mr. ROBINSON. What was that date?

Mr. BERNSTEIN. That may be—this is a guess, from 3 to 5 years back.

Mr. ROBINSON. Were these three individuals partners during that entire period of time?

Mr. BERNSTEIN. To the best of my recollection; yes.

Mr. ROBINSON. In other words, was Hyman Levin a partner in 1949?

Mr. BERNSTEIN. Yes; he was.

Mr. ROBINSON. Do you recall who delivered the records of R. & H. to you?

Mr. BERNSTEIN. They were brought to my office every Saturday by some employee of the company, and I had the books in my office and placed them in the records.

Mr. ROBINSON. Do you remember the name of the employee?

Mr. BERNSTEIN. I do not; no. Of course, it may have been different ones. Sometimes I would be there when he brought them. He would bring them in a small envelope, and we would enter them.

Mr. ROBINSON. Had you finished?

Mr. BERNSTEIN. Yes; I had.

Mr. ROBINSON. Getting back to the individuals and the miscellaneous income, was that for the most part reported to you orally?

Mr. BERNSTEIN. It was; yes. When I would be at their homes or they would come to the office I would try to get the breakdown. They were rather hesitant. They wouldn't give me any information at all, except now and then I would have some independent information and would question them on it. They were rather reticent about that.

Mr. ROBINSON. Would there be any detailed information or was there any detailed information given to you with respect to their losses and their gains over the period of a year?

Mr. BERNSTEIN. They never claimed any losses. They didn't show any losses.

Mr. ROBINSON. What I am getting at is by what method do they compute their gain?

Mr. BERNSTEIN. They had a sheet. They would come in with a sheet. They would give me in certain instances the complete detail. That is, they would give me the final summation of it. For a long time, we had—when I say we had, most of the accountants and lawyers who specialized in Federal taxation, had great difficulty in getting these men to give us any information or keeping any records. Then later on they kept some semblance of records. They would tear them up finally. We also found that difficulty in some of the other places where I had to make up income-tax returns. They wouldn't keep a daily sheet. This is away back where we had a lot of difficulty and the revenue office would arbitrarily assess a 6½ percent net income based upon it. Of course that resulted in a lot of unfair taxation, because of the severe penalties that were imposed upon them by the revenue service and the arbitrary setting up of income by the revenue agents, these men commenced to keep some semblance of records, which they wouldn't divulge to us but they would divulge to the revenue agent.

Mr. ROBINSON. You mean they wouldn't divulge to you as their attorney?

Mr. BERNSTEIN. No. They would give us the net amount and say this was the amount of income. That isn't true in all cases. Don't misunderstand. In DeGrazia's instance, DeGrazia would bring in a monthly sheet showing the ins and outs and the disbursements. DeGrazia had a complete record.

Mr. ROBINSON. Was that an unusual instance?

Mr. BERNSTEIN. He was one of the only books. You see the other one ran a book. When I say ran a book, he showed these operations.

Mr. ROBINSON. What I am getting at is, when it came to the question of miscellaneous income, would they merely state to you, I won \$5,000 last year?

Mr. BERNSTEIN. They wouldn't even say "I won." They didn't give the source. They would merely indicate, I earned so much, they would not give any source of income at all.

Mr. ROBINSON. So you would record it as miscellaneous income.

Mr. BERNSTEIN. In one instance they furnished me certain sheets, one of them would furnish me certain sheets showing income from certain operations. For instance, there would be a net income from a certain partnership. I would have that specifically indicated.

Mr. ROBINSON. How long were you permitted to retain those records, such records as they submitted?

Mr. BERNSTEIN. I kept a good many of them until about April of this year.

Mr. ROBINSON. What happened then?

Mr. BERNSTEIN. They made a demand for them. They made not only a demand for my records but my entire file on them. I then took it for granted, I got them the same way when they left another accountant, they brought his entire records over to my office that I needed for the returns, and then they would take them back. But some of them would insist upon their files immediately. They wanted to keep them and kept them. Then wanted them right back. They wouldn't permit you to keep a copy. If I ever required a copy they would bring them in to me.

Mr. ROBINSON. Who are the individuals who demanded their records in April?

Mr. BERNSTEIN. When I say April, it would be somewhere between March and June. Mr. Humphreys did, and Accardo did, Guzik did, DeGrazia did. That is all that comes to my mind right now. I would say all of them, any one whose return I had, they came in at different times during the period from—I attribute it all to the prior committee, the committee prior to this one.

Mr. ROBINSON. You mean the Hoffman committee?

Mr. BERNSTEIN. No, there was a prior committee.

The CHAIRMAN. No, the McFarland committee.

Mr. BERNSTEIN. The committee prior to this. They came in and said they wanted all their records. I took it at that time it was a cessation of representation. As a matter of fact, I used to pay their quarterly tax, and they didn't bring in the quarterly tax the last time they paid, either.

The CHAIRMAN. Let me ask this one question. As to these fellows who came in and got their files, you didn't retain anything?

Mr. BERNSTEIN. Outside of this court file. There may be some extraneous things that had nothing to do with taxation and nothing to do with income. They even demanded their entire folders.

I tried to tell them, everything I have in my possession is privileged, and I don't see why you are taking it out of here, but it made no difference. They asked for it.

The CHAIRMAN. They wanted to get it out?

Mr. BERNSTEIN. They wanted the entire files.

The CHAIRMAN. Do you know whether Mr. Guzik had an interest in R & H?

Mr. BERNSTEIN. To my knowledge, he did not.

The CHAIRMAN. Did he ever charge off a loss, any of these fellows, on an investment when Trans-American went out of business?

Mr. BERNSTEIN. Yes. R. & H. did. I believe it was R. & H.

The CHAIRMAN. They all charged off a capital loss?

Mr. BERNSTEIN. No capital loss. It was a sum of money that was either advanced for service or loaned to Trans-American. Of course Trans-American had some very severe losses.

The CHAIRMAN. Did Guzik charge off any?

Mr. BERNSTEIN. He did not.

The CHAIRMAN. Murray Humphreys?

Mr. BERNSTEIN. He did not.

The CHAIRMAN. Nobody charged anything off except Katz, Levin, and Jones?

Mr. BERNSTEIN. The partnership.

The CHAIRMAN. But nobody else charged off any loan or any amount of money advanced or anything else on Trans-American?

Mr. BERNSTEIN. Not that I know of not specifically on the return that I saw.

The CHAIRMAN. How big an outfit was Trans-American? You did tax work for Trans-American?

Mr. BERNSTEIN. I did, yes. I prepared the tax returns for them.

The CHAIRMAN. When did Trans-American start and who was in Trans-American?

Mr. BERNSTEIN. I think initially there was the elder Mr. Burns, the younger Mr. Burns, and Mr. O'Hara. Subsequently I believe the elder Mr. Burns stepped out and I believe his stock went over to his daughter.

The CHAIRMAN. What is her name?

Mr. BERNSTEIN. I wouldn't recall her first name, sir.

The CHAIRMAN. This was a corporation, wasn't it?

Mr. BERNSTEIN. That is right.

The CHAIRMAN. How big a corporation was this?

Mr. BERNSTEIN. I do not recall, sir.

The CHAIRMAN. Was it a million-dollar capitalization?

Mr. BERNSTEIN. I wouldn't venture that guess.

The CHAIRMAN. What recollection do you have about it all, about the size of the operation, how big an outfit it was, what assets they had?

Mr. BERNSTEIN. I wouldn't recall that. I know a complete balance sheet was indicated on the return. I knew their losses were substantial. That is all I recall of it now.

The CHAIRMAN. Did Guzik and Humphreys have an interest in Trans-American?

Mr. BERNSTEIN. Not to my knowledge.

The CHAIRMAN. When did Trans-American start and when did it fold up?

Mr. BERNSTEIN. I would have to guess at this. I believe it was started in 1946 or 1947, and it folded up, I believe, in 1948. When I say folded up, it dissolved.

The CHAIRMAN. You say that Burns Senior and Junior, and O'Hara owned the stock in Trans-American?

Mr. BERNSTEIN. To the best of my knowledge that is correct.

The CHAIRMAN. Weren't there some changes in ownership?

Mr. BERNSTEIN. I believe the only change was the transfer of the stock held by the elder Mr. Burns to the daughter.

The CHAIRMAN. Where are the records of the Trans-American Corp.?

Mr. BERNSTEIN. I had those records in my possession until about this period around June, when Mr. O'Hara picked them all up. I had them because various States would come in and check up the

employment records. I believe the last employment record was checked up about the early part of this year or the latter part of last year.

The CHAIRMAN. Mr. O'Hara, then, got the records in June?

Mr. BERNSTEIN. It was sometime between March and June.

The CHAIRMAN. Were they voluminous records?

Mr. BERNSTEIN. There was a ledger, a journal, social security records, and minute book. There may have been more.

The CHAIRMAN. Do you have any of the records now?

Mr. BERNSTEIN. None of them, sir. I didn't think it unusual about Mr. O'Hara picking them up because we were through with the records and certainly when I am through with the records I don't want them in my office.

The CHAIRMAN. Where is Mr. O'Hara, do you know?

Mr. BERNSTEIN. I do not know, sir.

Mr. ROBINSON. Did you actually audit the books yourself, Mr. Bernstein?

Mr. BERNSTEIN. Which ones?

Mr. ROBINSON. The Trans-American.

Mr. BERNSTEIN. I never did.

Mr. ROBINSON. Did you arrange for the auditing of the books?

Mr. BERNSTEIN. They asked for a bookkeeper, and I had a brother-in-law of mine who was looking for work and I asked them if they would take him and they said they were interested in keeping records and that is how he got over there.

Mr. ROBINSON. What was your brother-in-law's name?

Mr. BERNSTEIN. Martin Samuelson.

Mr. ROBINSON. Do you know how long he audited the books for the company?

Mr. BERNSTEIN. I would say shortly after their organization, maybe 2 or 3 months afterward, I am not definite about it, pretty close to the time that they came to me.

Mr. ROBINSON. Did you ever discuss with Samuelson the financial condition of the company?

Mr. BERNSTEIN. No, sir; I did not.

Mr. ROBINSON. Not at any time?

Mr. BERNSTEIN. No, sir; not that I recall, except I told him to be very careful and make a complete and accurate record.

Mr. ROBINSON. Did he ever indicate to you that they were in a bad financial way?

Mr. BERNSTEIN. I could discern that when I made up the income-tax return.

Mr. ROBINSON. Did he ever state to you anything about loans that the company had made, money that they had borrowed? That is what I am getting at.

Mr. BERNSTEIN. No. I think that came up when I saw it on the balance sheet.

Mr. ROBINSON. Did you ever inquire as to where the loans came from?

Mr. BERNSTEIN. I think I knew where they came from. They came from the various parts of the country.

Mr. ROBINSON. Could you indicate to the best of your recollection where they came from and what—

Mr. BERNSTEIN. I wouldn't know. They were people I believe they were furnishing service to. I don't recall who they were. There seemed to be six or seven different cities.

Mr. ROBINSON. Can you recall any of the cities at all?

Mr. BERNSTEIN. I do not recall.

The CHAIRMAN. How do you mean, like for instance Harmony News down at Kansas City would loan the Trans-American some money?

Mr. BERNSTEIN. It was either in the nature of a loan or an advancement on service. In other words, anticipating service for a certain period, they paid in advance for the service to be rendered in subsequent months at a certain sum.

Mr. ROBINSON. Would you say they were all advances for services or were some advances for service and some loans?

Mr. BERNSTEIN. In my opinion some were advances and some were loans.

Mr. ROBINSON. Do you recall at all what the amount of the loans was?

Mr. BERNSTEIN. I am making a stab at it. It may have been around 60 or maybe more than that. This is purely conjecture. It may have run around \$100,000.

The CHAIRMAN. You mean all of them?

Mr. BERNSTEIN. That is my opinion. I am just speaking from memory and I don't recall it specifically. The return would indicate that.

Mr. ROBINSON. You think they totaled about \$100,000?

Mr. BERNSTEIN. It may have been more, it may have been less. I just don't recall independently.

Mr. ROBINSON. Is it your recollection that they all came from the companies who were receiving wire services from R. & H.?

Mr. BERNSTEIN. From R. & H.

Mr. ROBINSON. I mean from Trans-American, I am sorry.

Mr. BERNSTEIN. From Trans-American. In my opinion, yes, I believe they were all dealing with them, because if I recall it showed accounts receivable and some of them were charged off against accounts receivable.

Mr. ROBINSON. Do you recall whether or not any loans were made to the company by Guzik?

Mr. BERNSTEIN. If it was, it wasn't reflected on the books, and I have no knowledge of it.

The CHAIRMAN. Are Humphreys or—

Mr. BERNSTEIN. I wouldn't know that at all, sir.

The CHAIRMAN. Katz or Levin or Jones—

Mr. BERNSTEIN. As I say, the latter three would be in the R. & H.

The CHAIRMAN. What was the tie-up between R. & H. and Trans-American?

Mr. BERNSTEIN. In my opinion it was solely a customer relationship.

The CHAIRMAN. Didn't Trans-American grow out of some distributor group of Continental, that is, didn't some distributor group of Continental form?

Mr. BERNSTEIN. I wouldn't know that, Senator. I came in the picture after it was organized.

The CHAIRMAN. So you don't know the background or the genesis of the formation of Trans-American?

Mr. BERNSTEIN. I do not.

The CHAIRMAN. Who handled the formation of the corporation?

Mr. BERNSTEIN. I do not know.

The CHAIRMAN. They just came to you after they had been formed?

Mr. BERNSTEIN. That is right.

The CHAIRMAN. You didn't get the charter for them?

Mr. BERNSTEIN. No, sir; I did not.

All I handled were the tax matters and the final dissolution.

Mr. ROBINSON. Do you recall whether or not either Patrick Burns, Andrew Burns, or O'Hara made any individual loans to the company?

Mr. BERNSTEIN. Offhand, I don't recall. I know the books are a true reflection of the best of my knowledge of their entire financial operation.

Mr. ROBINSON. Mr. Bernstein, you handled the tax settlement of Mr. Campagna and Mr. DeLucia?

Mr. BERNSTEIN. I did; yes, sir.

Mr. ROBINSON. Would you relate how that was handled?

Mr. BERNSTEIN. There was what we call a boxcar assessment made, a deficiency letter set up, a rather excessive assessment, together with penalties. I tried to ascertain from the agent what the nature—after I was retained and I received the 90-day letter, I tried to ascertain what this assessment was all about.

The CHAIRMAN. By boxcar you mean a net-worth assessment?

Mr. BERNSTEIN. No, it wasn't a net-worth assessment.

The CHAIRMAN. What is a boxcar assessment?

Mr. BERNSTEIN. That is a type of assessment that is picked out of the air and assessed. The theory is that ordinarily the burden is upon the Government prior to assessment to establish the accuracy of the tax. After the assessment is made the burden is upon the taxpayer to prove the excessive assessment.

The CHAIRMAN. This was in 1941 or '42?

Mr. BERNSTEIN. No; that was prior. I believe that ran back to 1935 to 1941, inclusive.

The CHAIRMAN. I am talking about when the assessment was made, though.

Mr. BERNSTEIN. That assessment was made about 1945, if my recollection serves me right, 1944 or 1945, or maybe—I am just guessing. It would indicate in your deficiency letter that I have given you heretofore.

Mr. ROBINSON. Go right ahead.

Mr. BERNSTEIN. The deficiency letter did not indicate the source of the income, why it was assessed. That was the first time—I think at that time Mrs. Campagna and Mrs. DeLucia came to my office. First they came to me with a notice of jeopardy assessment. I tried to ascertain what that was about at that time. That is when I first tried to ascertain what it was about. I couldn't get any information. After a jeopardy assessment is made it is the duty of the Commissioner to send a deficiency letter within the prescribed period. When I received that deficiency letter that was the first time I couldn't find what was the nature of the tax, what the basis of the tax was. I went out to the penitentiary, I believe in Atlanta. I received very little information from these men.

The CHAIRMAN. When did you go to the penitentiary at Atlanta?

Mr. BERNSTEIN. That was about the time, it may have been immediately after I was retained by Mrs. Campagna, and I had that jeep-

ardy notice, or it may have been about the time that I got the 9-day letter. I don't know just exactly which.

The CHAIRMAN. When was that?

Mr. BERNSTEIN. I would have to—if you will look at that return. You have the notice there. I am making a venture of this, maybe in 1945 or 1946.

Mr. HALLEY. Who was it who came in your office to retain you, Mr. Bernstein?

Mr. BERNSTEIN. Both Mrs. Campagna and Mrs. DeLucia.

The CHAIRMAN. Had you represented them before?

Mr. BERNSTEIN. I never did.

Mr. HALLEY. How did they present the matter to you?

Mr. BERNSTEIN. They brought in the notice of jeopardy assessments.

Mr. HALLEY. Did you ask them how they knew about you?

Mr. BERNSTEIN. I can say that in the last 2 months I have had a lot of people come to my office because of the publicity in this case, on different types of cases.

The CHAIRMAN. You mean this publicity has helped your business?

Mr. BERNSTEIN. It is the kind of help you don't care for because people come in there and you don't know who they are, you don't know how reliable they are, whether you can take their statements. When you make a representation you like to feel that what you are saying is accurate.

Mr. HALLEY. You think they came to you because of seeing your name in the newspapers?

Mr. BERNSTEIN. I don't know.

Mr. HALLEY. You don't really know that?

Mr. BERNSTEIN. I have handled a couple of other cases and bit by bit your reputation starts to grow.

Mr. HALLEY. Had you ever represented Ricca before?

Mr. BERNSTEIN. I never did.

Mr. HALLEY. Or Accardo?

Mr. BERNSTEIN. Accardo; yes, I did.

Mr. HALLEY. How long had you represented Accardo?

Mr. BERNSTEIN. I believe from 1941, somewhere between 1940 and '43, in that period.

Mr. HALLEY. Isn't it a fact that Ricca refused to talk to you unless Accardo was present?

Mr. BERNSTEIN. I had great difficulty trying to understand Ricca.

Mr. HALLEY. I am not into that phase of it yet, but isn't it most likely?

Mr. BERNSTEIN. Neither one of the gentlemen would give me any information, if that is what you mean.

Mr. HALLEY. Isn't it most likely that Accardo told them it was wise to go to you rather than picking up your name in the Red Book?

Mr. BERNSTEIN. That may be your conjecture.

Mr. HALLEY. Isn't that the reasonable thing?

Mr. BERNSTEIN. No, I tell you what, I have represented a lot of people and handled different matters for them. How did Accardo come to me?

Mr. HALLEY. Accardo interested himself very concretely in this tax case, didn't he?

Mr. BERNSTEIN. He was sent to me.

Mr. HALLEY. By whom?

Mr. BERNSTEIN. I am assuming by Mr. Bulger. That is a venture. I came back and was told Mr. Bulger handled certain affairs for Mr. DeLucia and the accountant handled certain things for Mr. Campagna. Naturally I went to the accountant to get information and such information as he had, he gave me. The source of information I had to get for DeLucia came from Mr. Bulger. He didn't have very much. He had very little.

Mr. HALLEY. Who is Bulger?

Mr. BERNSTEIN. He is an attorney.

Mr. HALLEY. Whom did he represent?

Mr. BERNSTEIN. I understand he represented Mr. DeLucia.

Mr. HALLEY. In what matters?

Mr. BERNSTEIN. In other matters. That I don't know.

Mr. HALLEY. In other matters. But Mrs. Campagna and Mrs. DeLucia came to you not through Bulger?

Mr. BERNSTEIN. In the first instant I wouldn't know how they came to me.

Mr. HALLEY. You didn't know?

Mr. BERNSTEIN. No. As a general rule I ask them and they generally say someone sent me. I generally say how were you referred to me, by whom.

Mr. HALLEY. Did someone tell you in advance to expect these two ladies?

Mr. BERNSTEIN. No, they did not.

Mr. HALLEY. How did they get their original appointment with you?

Mr. BERNSTEIN. They called.

Mr. HALLEY. On the phone?

Mr. BERNSTEIN. Yes.

Mr. HALLEY. They made an appointment?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. When you found your old client Accardo in the case were you surprised?

Mr. BERNSTEIN. Mr. Accardo didn't come into the case until I went down to Leavenworth, the first time he came in the case.

Mr. HALLEY. Thank you. I am sorry for the interruption.

Mr. ROBINSON. When did you have the first conference at the penitentiary?

Mr. BERNSTEIN. If I had my—do you have that 9-day letter?

Mr. ROBINSON. Let me put it this way. Were you alone at the time of the first conference?

Mr. BERNSTEIN. I was. I went down alone.

Mr. ROBINSON. What was discussed?

Mr. BERNSTEIN. I tried to ask them, asked them at length, if they could indicate to me the nature of their income, what their income was, and what documents I could have to try to substantiate the preparing of a protest or appeal to the tax court. They were vague, evasive. They gave me no information.

Mr. ROBINSON. What did you do next after that?

Mr. BERNSTEIN. I believe I then spoke to Mrs. Campagna. I told her if I couldn't get any help I would have to step out of the case. I went down a second time.

The CHAIRMAN. To Atlanta?

Mr. BERNSTEIN. To Atlanta. In the morning I believe I think I spent a good part of the day the second time. I believe Mrs. Campagna was in town that time visiting some relatives in Atlanta. I arranged to have her come in with me. She was there the day before. I spoke to the warden and I thought through Mrs. Campagna I would be in a better position to get some information. I spent several hours with them. They couldn't figure out what this assessment was. I believe if you will look at that 90-day letter you will find it is not typical of the regular 90-day letter that goes out to taxpayers, where it sets out wherein the nature of the increase or decrease results, the disallowance or the allowance of certain items. I kept on trying to get this information. They were as lost to it as much as anybody. In scanning it they couldn't find out anything from it themselves. I tried to ascertain from their net worth what it was. I couldn't get any information about their net worth from them. They merely spoke about certain real estate holdings, and things of that kind. I believe they mentioned certain stock.

Then I came back again, and whether I spoke to Mr. Bulger or Mrs. Campagna and told them I would have to get out of the case unless I got some help from somebody who could assist. I believe Mr. Bulger—either Mr. Bulger or Mrs. Campagna said “I will see that you get somebody.”

That is when the first time Mr. Accardo stepped into this case.

Mr. ROBINSON. Where did you meet him?

Mr. BERNSTEIN. He came to my office.

Mr. HALLEY. What was discussed?

Mr. BERNSTEIN. At that time we discussed nothing.

Mr. HALLEY. Who suggested Accardo?

Mr. BERNSTEIN. I assumed he either came—I am assuming that it came through Mr. Bulger, but I wouldn't vouch for that. The reason I am assuming that is because it was some time after I discussed the matter with Mr. Bulger that Mr. Accardo came to my office.

Mr. HALLEY. Who first told you Accardo was coming to your office?

Mr. BERNSTEIN. Nobody did.

Mr. HALLEY. He just walked in one day?

Mr. BERNSTEIN. Yes. He said “I would like to help you on this if I can.”

Mr. HALLEY. Purely without any preliminary warning to you that Accardo was coming?

Mr. BERNSTEIN. I was told, I believe I was told by Mr. Bulger, that someone would be in to see me. That is why I say through those things I am associating them together, by logic and assuming it came from that source.

Mr. HALLEY. Did Accardo phone for an appointment or did he just walk in one day?

Mr. BERNSTEIN. I wouldn't recall that. That was some years back, 1944, '45, or '46. I wouldn't recall that.

Mr. HALLEY. But he came without any prior understanding on your part?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. What did he say?

Mr. BERNSTEIN. I can just give a general summation of it. It would be that he would assist me in this case, that is about all.

Mr. HALLEY. Thank you.

Mr. ROBINSON. What did you do next after talking to Mr. Accardo? What was your conversation with him?

Mr. BERNSTEIN. It was general, indicating to him I could get no information from either of these gentlemen. Either they were reticent about giving me information or they were withholding the information from me, and I had to have some help to try to get these men to give me the data that they had.

Mr. HALLEY. As a lawyer, how did you feel you could talk about your clients with Tony Accardo?

Mr. BERNSTEIN. Because he was sent to me.

Mr. HALLEY. Who told you he would be sent? He came in and said I am sent, but——

Mr. BERNSTEIN. I have stated that before.

Mr. HALLEY. You said nobody told you Accardo was coming?

Mr. BERNSTEIN. I was told someone was coming over.

Mr. HALLEY. All right, then Accardo came.

Mr. BERNSTEIN. That is right.

Mr. HALLEY. He doesn't have a very good reputation for veracity around Chicago, does he?

Mr. BERNSTEIN. That is your opinion. As far as I am concerned, his veracity has been good in everything he has ever told me.

Mr. HALLEY. With no specific authorization you proceeded to talk about the case with Accardo?

Mr. BERNSTEIN. I did not discuss the case because there was nothing to discuss. I knew nothing about the case. You look at that 90-day letter and you try to make anything out of it except that there was an assessment.

Mr. HALLEY. It just doesn't sound like something I can visualize. I am trying to picture the thing, that a man about whom you received no specific authorization, other than you had been told that somebody would come in.

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Who walks in but a notorious gangster, and he tells you I am the man and you accept that without checking back.

Mr. BERNSTEIN. I never knew Mr. Accardo to be a notorious gangster, sir, at that time, nor do I know him to be a gangster now.

Mr. HALLEY. You have never heard that?

Mr. BERNSTEIN. That is your statement, and that is the statement of some of the press. I never knew of the man ever being convicted of any offense.

Mr. HALLEY. We will get into what he is when we have finished with this thing. In any event, your story is that he walked in and you proceeded to discuss with him how to get your client to talk, is that right?

Mr. BERNSTEIN. I didn't say that. I told him that I could get no information about this tax, and I didn't know what it was about. These two men were reticent about giving me information, apparently. That was a conclusion of mine.

Mr. ROBINSON. Had you represented Accardo prior to that time?

Mr. BERNSTEIN. I did; yes, sir.

Mr. ROBINSON. What assistance did Accardo give you during the conversation in trying to straighten out this matter?

Mr. BERNSTEIN. That I didn't know, sir, until we went down to the penitentiary.

Mr. ROBINSON. You both just decided to go to the penitentiary as a result of that conversation?

Mr. BERNSTEIN. No. I spoke to him and indicated that possibly he could get me some help from these men, to try to get certain information that was not available to me.

Mr. ROBINSON. Then what did you do?

Mr. BERNSTEIN. We made these different trips and then we went down, Mr. Accardo brought me in certain data.

Mr. ROBINSON. He brought you in data before you made the trips?

Mr. BERNSTEIN. No; subsequent to the trips.

Mr. ROBINSON. How did you make the first trip there? Did you go down together?

Mr. BERNSTEIN. That is right; we both went down together.

The CHAIRMAN. Was that to Atlanta again?

Mr. BERNSTEIN. This is to Leavenworth.

The CHAIRMAN. You made two trips to Atlanta and then after Accardo came into the picture you and he went to Leavenworth?

Mr. BERNSTEIN. That is right.

The CHAIRMAN. About when was that?

Mr. BERNSTEIN. That was subsequent to the receipt of the 90-day letter. I am trying to reconstruct this in my memory as best I can.

Mr. ROBINSON. What was discussed on the way down to Leavenworth?

Mr. BERNSTEIN. Nothing, sir.

Mr. ROBINSON. You didn't talk about anything?

Mr. BERNSTEIN. No. Mr. Accardo read and I read going down, I generally read tax bulletins when I go down.

Mr. ROBINSON. What happened after you got to the penitentiary?

Mr. BERNSTEIN. We were admitted to see the two men, and I had these letters there at that time, the 90-day letters. I discussed them with them at length. Finally I believe Mr. Ricca indicated that certain—

Mr. ROBINSON. At that moment what were the conditions under which you were admitted?

Mr. BERNSTEIN. Just what do you mean by the conditions?

Mr. ROBINSON. Well, how did you get admitted to the penitentiary at that time?

Mr. BERNSTEIN. I had a letter there authorizing me to come there with anybody I saw fit to bring with me.

Mr. ROBINSON. How did Mr. Accardo get in?

Mr. BERNSTEIN. We both came in through the gate together. You mean the physical method by which we came up there?

Mr. ROBINSON. Did you have to sign anything for admission?

Mr. BERNSTEIN. We came in; we both sat down. I then signed the register. After signing the register, I was told that the warden wanted to see me. Mr. Accardo was sitting down when I came out. I am assuming that he had signed the register after I spoke to the warden. I asked the warden if he wanted to see the gentleman who was with me. At that time I believe I told him it was Mr. Accardo who was with me. I asked if he wanted to see him, and he said he wasn't interested. All he was interested in was seeing that the inmates received fair and proper representation.

Mr. ROBINSON. Did you see the record or the document that Accardo signed?

Mr. BERNSTEIN. Not until the trial.

Mr. ROBINSON. What did that disclose?

Mr. BERNSTEIN. It disclosed that he signed a name other than his own.

Mr. ROBINSON. What name did he sign?

Mr. BERNSTEIN. He signed the name of Bulger.

Mr. ROBINSON. Did you tell the warden that it was Anthony Accardo who was with you or did you tell him it was Joseph Batters?

Mr. BERNSTEIN. I at no time told him it was Joseph Batters nor did I tell him it was Mr. Bulger, because I did not know Mr. Accardo by the name of Bulger.

The CHAIRMAN. What name did he sign on the slip?

Mr. BERNSTEIN. Bulger on the register.

The CHAIRMAN. Joe Bulger or what?

Mr. BERNSTEIN. I believe it was Joseph Bulger.

Mr. ROBINSON. That was it.

Mr. KERNER. 139 North Clark Street.

Mr. ROBINSON. Why would he do that?

Mr. BERNSTEIN. That is something you would have to ask him. I don't know.

Mr. ROBINSON. Was there any particular restriction on his gaining entrance to the penitentiary?

Mr. BERNSTEIN. No; because my letter gave him carte blanche right for him to come in.

Mr. ROBINSON. Do you have any ideas of your own as to why he would sign a different name, sign an attorney's name to it?

Mr. BERNSTEIN. I don't know why he would sign a different name, because he didn't have to.

Mr. ROBINSON. In other words, it wasn't necessary to indicate he was a lawyer in order to see one of the inmates?

Mr. BERNSTEIN. No; because my letter that I sent to the warden told him a friend of the family and one who was acquainted with his affairs.

Mr. ROBINSON. I see. All right, what happened after that? You had discussions with both Campagna and DeLucia?

Mr. BERNSTEIN. That is right, together.

Mr. ROBINSON. Separately or together?

Mr. BERNSTEIN. No; they were together. I sat in the middle and talked to both of these men. Sometimes I changed my position on account of DeLucia having a little difficulty understanding. I tried to get him to slow down.

Mr. ROBINSON. What did Accardo contribute to the conference?

Mr. BERNSTEIN. Accardo brought in certain data for me after that first conference.

Mr. ROBINSON. What do you mean, certain data?

Mr. BERNSTEIN. He brought in certain records, incomplete.

Mr. ROBINSON. Relating to whom?

Mr. BERNSTEIN. To Mr. DeLucia.

Mr. ROBINSON. Where did he get those?

Mr. BERNSTEIN. I do not know.

Mr. ROBINSON. How long was the conference?

Mr. BERNSTEIN. This conference on the various occasions would last anywhere from 1 to 3 hours, depending upon my trying to recon-

struct from information I built up and try to indicate what the tax was.

Mr. ROBINSON. Was the conversation entirely in English?

Mr. BERNSTEIN. Always. If any Italian was sneaked in, I don't know. I never heard of it.

Mr. ROBINSON. Did you gain what information you wanted as a result of that conference?

Mr. BERNSTEIN. Considerable information. Not at that, no. We got a little. We got at the source of information that came in. The men started to loosen up and were a little more free in talking to me, I discovered, as a result of that visit with Mr. Accardo.

Mr. ROBINSON. Did Accardo have any further conferences with you?

Mr. BERNSTEIN. I called Mr. Accardo on each and every occasion that I went down there subsequently. Sometimes we got additional data, sometimes it may have been for a selfish reason. Certain of my expenses were being paid.

Mr. ROBINSON. Did he ever accompany you on any of your other trips there?

Mr. BERNSTEIN. Yes, he did. I think all but two.

The CHAIRMAN. How many trips did he go down there with you?

Mr. BERNSTEIN. I would say anywhere from 10 to 12. That is also a guess. There may have been more.

The CHAIRMAN. He always signed his name Joe Batters, lawyer?

Mr. BERNSTEIN. I do not know, except what I saw at the trial.

The CHAIRMAN. What was that?

Mr. BERNSTEIN. The name was Bulger.

The CHAIRMAN. Is that the way he always signs his name?

Mr. KERNER. Yes. At the time of the trial the prison records were introduced into evidence and in each instance the name "Joseph Bulger" was signed. I saw that myself from the records.

The CHAIRMAN. All right.

Mr. ROBINSON. What I was getting at: Was that true on each occasion of a visit of Accardo to the penitentiary?

Mr. KERNER. Yes. That was the only way that Mr. Accardo signed his name on each entrance, on his visits to Leavenworth, and the address is 139 North Clark Street.

The CHAIRMAN. You found that was true?

Mr. BERNSTEIN. Yes. I did. At the trial the first time I saw the record, but I don't recall, Mr. Kerner, that he showed the address 139. That I don't recall.

Mr. KERNER. Yes. That is a fact.

The CHAIRMAN. What is the address, 139 what?

Mr. KERNER. North Clark Street, Chicago.

The CHAIRMAN. Whose office is that?

Mr. KERNER. Mr. Joseph Bulger, the attorney, had an office at that address at that time. I am not certain that he is presently located there.

Mr. ROBINSON. How did the tax case get settled, Mr. Bernstein?

The CHAIRMAN. Before that, now, you said you also called him for personal reasons to get your compensation. I have been worrying about how you got your compensation all this time.

Mr. BERNSTEIN. In the first instance I received a retainer fee of \$2,500 both from Mrs. Campagna and Mrs. DeLucia—\$1,500 from one

and \$1,000 from the other. I subsequently received \$500 apiece, recalling the best I can, and then I had approximately \$1,000 more from the funds that were left with me which I advised I was retaining for that purpose. I think it was somewhere around \$900 to \$1,000.

The CHAIRMAN. Did Tony Accardo pay you anything?

Mr. BERNSTEIN. Never.

The CHAIRMAN. Who paid your expenses down there?

Mr. BERNSTEIN. Some of them I paid myself.

The CHAIRMAN. How about Tony Accardo? Did he pay some? Did he pay his way?

Mr. BERNSTEIN. He didn't go with me every time. He sometimes would meet me down there. The times that he went along with me I got the ticket, or sometimes I would call for the ticket and he would reimburse me.

Mr. HALLEY. What was the original Government claim, for how much money?

Mr. BERNSTEIN. I wouldn't recall offhand. You have it here, gentlemen.

Mr. ROBINSON. It is around \$200,000, I believe.

Mr. BERNSTEIN. It seems to me it was far more than that.

Mr. HALLEY. It was a very substantial claim, wasn't it?

Mr. BERNSTEIN. A very large claim.

Mr. HALLEY. What did you settle for? You settled for \$120,000?

Mr. BERNSTEIN. I don't know. It is over there.

Mr. ROBINSON. There was a stipulation in the case, as I recall, when it was passed on by the Tax Court, in which the deficiency for Campagna was \$90,371.49 and, for DeLucia, \$36,146.50.

Mr. BERNSTEIN. Whatever that indicates, that is the fact. I believe I was over in the conference there. I would say I was over there many a time—in my opinion, maybe from 12 to 20 times—over in the technical staff trying to work out a settlement of this.

Mr. HALLEY. Is it your point that your fee for all this is only \$4,500?

Mr. BERNSTEIN. No; I expect to get more here. I think a fair fee in this case should have been around \$10,000. I don't base my fees upon an arbitrary assessment. I don't work on a contingent basis. I figure my time that I devote to a case. That is the way I set my fees.

Mr. HALLEY. Considering your time you devoted, the importance of the case, the fact that the clients were in jail, and therefore it was a case that might involve problems——

Mr. BERNSTEIN. No; there would be no more problem in that than any other tax case.

Mr. HALLEY. And the amount of money involved, wouldn't you say that \$4,500 is an almost ridiculously low fee, knowing what tax lawyers charge in comparable cases?

Mr. BERNSTEIN. I do not know what tax lawyers charge.

Mr. HALLEY. Knowing what you charge.

Mr. BERNSTEIN. In that case, I will be very frank, I think the fee should have been around \$15,000.

Mr. HALLEY. Your last shot was 10; now you say 15. In fact, if it wasn't DeLucia and Campagna, if it was Joe Doakes and somebody else, and you saved him over \$100,000——

Mr. BERNSTEIN. I didn't save them anything.

Mr. HALLEY. The Government claimed that.

Mr. BERNSTEIN. Would you call an arbitrary assessment and then you get a reduction, would you call that saving something, more especially since the Nitti case which followed in the Tax Court indicated practically the same result? They tried the Nitti case. They offered the Nitti people a settlement similar to mine. They rejected it and they tried it out, and the test of that case established the very same results.

Mr. HALLEY. In the Nitti case what were the counsel fees?

Mr. BERNSTEIN. I don't know.

Mr. HALLEY. These were very modest ones. Let's not argue what they should be. Let's say—

Mr. BERNSTEIN. I will be very frank. I do expect another \$5,000.

Mr. HALLEY. You mean you still expect it?

Mr. BERNSTEIN. I do; yes.

Mr. HALLEY. From whom do you expect it will be paid?

Mr. BERNSTEIN. I do expect it will be paid by both Mr. DeLucia and Mr. Campagna.

Mr. HALLEY. Have you billed either of them?

Mr. BERNSTEIN. No; I have not; no. I have discussed it several times and they say, "We will take care of it later."

The CHAIRMAN. You expect to charge them a total of \$15,000?

Mr. BERNSTEIN. No; I do not; \$10,000 will be my total charge.

Mr. HALLEY. But you say that \$15,000 would be reasonable in this case.

Mr. BERNSTEIN. I do. Among lawyers I think it would be somewhere between \$10,000 and \$15,000, a fair fee for this type of work in this case. Here is an arbitrary assessment—

Mr. HALLEY. Once you had all this cash on your desk—I am getting a little ahead of the story. Why didn't you get yourself a fee?

Mr. BERNSTEIN. I will answer that since you asked me. From the newspapers I ought to sit down and prepare a pretty good story. There is nothing like the truth. These sums of money were brought into my office—

The CHAIRMAN. Let's get the time they were brought in and the circumstances, where you were, and all that.

Mr. BERNSTEIN. You see, the basis of this settlement was contingent on payment of the tax. We made several trips down to the penitentiary trying to get these men to work out, advising them of the amount of tax that we had to have and that we had to get these funds.

Mr. HALLEY. What was contingent on the payment of the tax?

Mr. BERNSTEIN. The settlement. The Tax Court, that is, the technical staff, made this settlement subject to this tax being paid. I asked that we be given from 30 to 60 days, if I recall, time from the time we had the proposed agreement to get this money in. I was assuming that they were going to get it from raising mortgages on the property. I forgot all about the fact that there was distress warrants and liens on all this property and, therefore, it would be impossible to get any loans. That didn't come to my mind at the time. I just went down there forgetting that I was dealing with a jeopardy assessment and having in mind at that time I was dealing with the ordinary tax case where an assessment is made.

I was working out the ordinary procedure. Then I found it was impossible to secure loans, that is, I believe Mr. Accardo tried to get the loans on this property and found that it was impossible to

get it. Then the men suggested selling their properties, and the very same problem arose, that they wanted to sell it subject to that loan and to keep the funds in escrow. Even that couldn't be worked out because the amount of the sale price would be less than what the tax assessment was. It wouldn't be what the settlement price was, but the lien that was on their property. Then I came back to Chicago after these various trips trying to discuss it with these men. I believe the one who was more desirous of selling in the first instance was DeLucia. He said, "All right, go ahead and sell it." But Campagna didn't want to sell in the first instance. He took a stubborn attitude that he didn't owe the money. They both took the position they didn't owe the money and wouldn't pay it, and nobody could make them pay it. They were rather adamant in that position.

During the 60- or 30-day period from the time of the proposed settlement, money was brought into the office.

Mr. ROBINSON. Before you get to that, may I interrupt. Did they at any time ever indicate to you that they had the cash with which to pay it?

Mr. BERNSTEIN. No; they did not. They never did.

Mr. HALLEY. But you went ahead anyhow. You proceeded to discuss settlement in Washington, even though they didn't indicate they had the cash to settle.

Mr. BERNSTEIN. If you follow me, the ultimate settlement, it was told to me, would have to be predicated on the tax being discharged.

Mr. HALLEY. At that point did you have any way of knowing that you could pay the tax?

Mr. BERNSTEIN. That is why I asked for the time. I was assuming that it could be done by encumbering the property or by sale of the property, one of the two modes. We discussed that very thing with them at different times. As I say, the one who seemed to be more desirous of it was DeLucia, but Campagna was a little reticent about going through with that sort of deal.

The CHAIRMAN. All right, Mr. Robinson; you go ahead and finish that angle of it.

Mr. ROBINSON. I interrupted you, I believe. You were going to talk about the method by which the funds were obtained.

Mr. BERNSTEIN. These funds were brought into my office, I would say, over maybe either a 30- or 60-day period. It may have been a 3-week period. I don't recall right now.

Mr. ROBINSON. Were these funds brought in after the Tax Court had adjudicated the case?

Mr. BERNSTEIN. No, sir; prior to the adjudication, because the adjudication, they would not send in a stipulation until the tax had been paid, and I presented a receipt for the payment of tax. Then after I brought in receipt they presented the stipulation. It was all contingent upon that.

Mr. ROBINSON. Go ahead on the method by which you received the funds.

Mr. BERNSTEIN. The funds were brought into me in amounts varying between \$10,000 and \$20,000. When the first amount of money came in I was taken aback, and I called up—I believe I called Mrs. Campagna or Mrs. DeLucia or went out there. I don't recall. She said she understood it was coming in; that it would be all right. Then

when I got the total funds together I went over and I had the collector of internal revenue compute the tax and the interest, and I discharged both of them, and I brought the receipt to the technical staff. Then they prepared the stipulation that you have read and that was presented to the Tax Court and the case was closed.

Mr. HALLEY. Who did you call, who said she understood it was coming in?

Mr. BERNSTEIN. Mrs. Campagna.

Mr. HALLEY. You are sure it was she?

Mr. BERNSTEIN. I feel certain it was her.

Mr. HALLEY. What did you say to her?

Mr. BERNSTEIN. I told her that somebody brought in some money indicating it was for her husband's tax.

Mr. HALLEY. Who brought it in?

Mr. BERNSTEIN. I wouldn't know who the men were.

Mr. HALLEY. Did you speak to them?

Mr. BERNSTEIN. No. They came in and said, "Mr. Bernstein?" I said, "Yes." They said, "This is for Mr. Campagna's tax," or some said, "This is for Mr. DeLucia's tax."

Mr. HALLEY. You actually saw them? They were in your personal office?

Mr. BERNSTEIN. I didn't see all of them.

Mr. HALLEY. But the first batch that came in, the first \$10,000?

Mr. BERNSTEIN. I wouldn't know whether it was the first or third batch. The first batch may have been left with my secretary, or subsequently.

Mr. HALLEY. One batch you did see?

Mr. BERNSTEIN. I would say I saw about four or five of them, maybe more.

Mr. HALLEY. When they came in your office?

Mr. BERNSTEIN. Yes. They were different men.

Mr. HALLEY. Did you ask for their names?

Mr. BERNSTEIN. I wouldn't think of asking their names, because it made no difference to me. They told me this was for so and so. Gentlemen, if I thought this thing was going to arise I would have sat down and asked their name and address and social security card. I would be very positive who brought this in if I thought this question was going to arise.

I took it as a matter of course that this came in from their families. My real belief was it came from that source. I don't know.

Mr. HALLEY. They were men you had never seen before?

Mr. BERNSTEIN. No.

Mr. HALLEY. Who brought this money in?

Mr. BERNSTEIN. No; I hadn't seen them before or since.

Mr. HALLEY. How many men actually brought the money in that you saw?

Mr. BERNSTEIN. I think I saw about six different men. Some came in twice. Some came in three times.

Mr. HALLEY. Some came in only once?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. How many came in on each occasion?

Mr. BERNSTEIN. Just one.

Mr. HALLEY. One man at a time?

Mr. BERNSTEIN. That is all.

Mr. HALLEY. Would come in with an envelope or money?

Mr. BERNSTEIN. Sometimes it was wrapped up—it would not be an envelope. It would be wrapped up in paper. It would be wrapped up.

Mr. HALLEY. And just hand it to you and say this is for DeLucia and Campagna?

Mr. BERNSTEIN. No. They would say either one or the other.

Mr. HALLEY. One or the other. Sometimes they would—

Mr. BERNSTEIN. Sometimes they would say the ones who came back again would say this is some more of that.

Mr. HALLEY. They always separated out who it was for?

Mr. BERNSTEIN. Not at all times; no.

Mr. HALLEY. Did you try to segregate it?

Mr. BERNSTEIN. No; I didn't.

Mr. HALLEY. A DeLucia fund and Campagna fund?

Mr. BERNSTEIN. No; I treated it as one fund.

Mr. HALLEY. Why did you do that if a man would come in and say this is for Campagna?

Mr. BERNSTEIN. Because the way they were coming in with it, you know by computation it won't be very difficult to say they came in and said so, but it wasn't done that way.

The CHAIRMAN. Would you tell them when they came in how much more was needed?

Mr. BERNSTEIN. They knew how much was required. No; I didn't tell them.

The CHAIRMAN. How would one man know what another man had brought in?

Mr. BERNSTEIN. They knew that I required all told approximately \$185,000 to \$189,000, \$190,000, approximately.

The CHAIRMAN. These two amounts here are just \$126,000.

Mr. BERNSTEIN. Oh, but there is interest there, too.

The CHAIRMAN. Interest and penalty?

Mr. BERNSTEIN. No penalties.

The CHAIRMAN. Interest made it about \$180,000?

Mr. BERNSTEIN. The interest on the two of them. You see the interest at 6 percent per annum. It is based from the due date of each respective tax.

The CHAIRMAN. \$180,000 or \$185,000.

Mr. BERNSTEIN. It would be closer to \$190,000. I know the difference between the \$190,000 and the amount I paid in I told them I was retaining on account of my fee and I believe that was around \$890 that was left over.

The CHAIRMAN. Excuse me, Mr. Robinson. You go ahead with this.

Mr. ROBINSON. Was some of the money sent in by mail?

Mr. BERNSTEIN. No, sir.

Mr. ROBINSON. None of it? It all came in in person?

Mr. BERNSTEIN. It all came in in person.

Mr. ROBINSON. Do you remember specifically what the amounts were that each brought in?

Mr. BERNSTEIN. It varied between \$10,000 and \$20,000.

Mr. ROBINSON. What I am getting at is, you have a secretary.

Mr. BERNSTEIN. Yes.

Mr. ROBINSON. Would she make a notation of what was brought in by each individual person?

Mr. BERNSTEIN. No; she did not.

Mr. ROBINSON. So you have no way of knowing who brought in what amount.

Mr. BERNSTEIN. No, sir; I would not.

Mr. ROBINSON. Were there any sums brought in that were in lump sums in excess of \$20,000?

Mr. BERNSTEIN. I don't believe there was. In fact, I don't think there was.

Mr. ROBINSON. You say approximately \$190,000 was brought in?

Mr. BERNSTEIN. That is right, all told.

Mr. ROBINSON. And out of that \$190,000, was there paid the final tax?

Mr. BERNSTEIN. When I had it all together, then I spoke to the attorney handling the matter for the technical staff, and I told him I would be prepared—how did he want me to handle it, did he want me to bring the money to him. He said no to bring the money over to the collector's office and to get a receipt for it.

Mr. ROBINSON. What was the amount you paid? Was that the sum I just indicated?

Mr. BERNSTEIN. It would be approximately \$190,000 less \$890. It may have been \$888 or something like that. It seems to me, in the rough I would say it would be \$189,100, or \$200 for the two of them.

Mr. HALLEY. Did you set that up in a special account or did you keep it in a safe?

Mr. BERNSTEIN. I kept it part in the office and put it in a vault in the First National Bank. Afterward I deposited it all in the American National Bank.

Mr. HALLEY. You issued a single check?

Mr. BERNSTEIN. No, several checks. I made out a check for the tax of each and then a separate check for the interest.

Mr. HALLEY. Doesn't your secretary ordinarily take the names of people who come into your office?

Mr. BERNSTEIN. No, she does not.

Mr. HALLEY. Never?

Mr. BERNSTEIN. At no time.

Mr. HALLEY. When somebody calls to see you, doesn't she come and tell you who is there?

Mr. BERNSTEIN. She does that; yes. She will just say someone is here to see you or if she knows him, Mr. so and so is here to see you.

Mr. HALLEY. If I walked into your office and asked to see you, she wouldn't ask me my name?

Mr. BERNSTEIN. She would not; no, sir.

Mr. HALLEY. How long has that been your custom?

Mr. BERNSTEIN. Twenty-seven years.

The CHAIRMAN. How large an office do you have? How many associates?

Mr. BERNSTEIN. Just one. I have no associates at all. I am in an office by myself. Mr. Blair is in the office, renting space.

Mr. HALLEY. Would you say that is an ordinary practice or a very unusual practice?

Mr. BERNSTEIN. That is a matter of custom.

Mr. HALLEY. Your custom?

Mr. BERNSTEIN. That is right. My door is always open. Anybody can walk in.

Mr. HALLEY. You never have people announced? You never ask who is there?

Mr. BERNSTEIN. We know nearly everybody who comes or they are new people, and Miss Cox will say to me some gentleman wishes to see you.

Mr. HALLEY. She doesn't take his name before he comes in?

Mr. BERNSTEIN. Sometimes she does and sometimes she does not.

Mr. HALLEY. Not on one of these occasions did she take the names of these six or eight people who brought in the cash?

Mr. BERNSTEIN. As it actually happened, she did not. If we were to reflect back upon it, these men wouldn't give their right names, anyway, would they?

Mr. HALLEY. You said some time ago if you thought these questions would be asked——

Mr. BERNSTEIN. I would have taken the greatest precautions conceivable.

Mr. HALLEY. And yet you are a very intelligent man, Mr. Bernstein.

Mr. BERNSTEIN. I thank you.

Mr. HALLEY. You have very fine foresight. Isn't it really because of the fact that you knew these questions would be asked that you didn't want to know who brought the money?

Mr. BERNSTEIN. That is your opinion and I resent that too, and I have a right to resent it.

Mr. HALLEY. That is your right, but will you answer the question?

Mr. BERNSTEIN. I am answering every question you propose to me, but I don't propose to have my intelligence insulted. I did not assume these things would transpire.

Mr. HALLEY. The question was, didn't you deliberately refrain from finding out who brought the money because you knew questions would be asked later and didn't want to be in a position to know?

Mr. BERNSTEIN. That is not so.

The CHAIRMAN. Let me ask a question. Don't you always give receipts when big sums of money are brought in?

Mr. BERNSTEIN. Yes; I do. I think on some occasions these men took receipts and wouldn't give their name. I just marked it. I think it may have been on several different occasions where they took receipts, but not all of them.

The CHAIRMAN. They wouldn't give their name?

Mr. BERNSTEIN. No. I think I marked the receipt; the receipt would indicate that the deposit was made for the particular individual for whom they brought it in.

The CHAIRMAN. Did you ask their names when you gave the receipts?

Mr. BERNSTEIN. They wouldn't; all I cared about was the money for so and so. At that time I didn't think it of import because I knew this money was for a certain purpose.

The CHAIRMAN. You never had a thing like that happen before; did you?

Mr. BERNSTEIN. Never; no, sir.

The CHAIRMAN. It seems to me, though, that no matter how much you trusted a lawyer, if somebody was coming in and leaving with the secretary or even with the lawyer \$10,000 or \$15,000 or \$20,000, for

your own protection you would want to give a receipt and they for their protection would want a receipt.

Mr. BERNSTEIN. Senator, it all depends upon where we are in relationship to the thing. I have had clients for whom I have handled real-estate deals who would bring in funds, and I would ask them to take a receipt for them, and they wouldn't take the receipt.

The CHAIRMAN. You can at least make one out and have your record clear.

Mr. BERNSTEIN. Yes; I try it. Some people won't take receipts. They are trusting, and they trust everybody and want everybody to trust them. I have had a very funny situation happen one time where I had a client of mine who brought me in a considerable sum of money to close a real-estate deal. This was prior to 1926——

The CHAIRMAN. Excuse me; go ahead, Mr. Robinson.

Mr. ROBINSON. Mr. Bernstein, you testified before the Hoffman committee?

Mr. BERNSTEIN. I did; yes, sir. I volunteered information there.

Mr. ROBINSON. I want to read to you one question and answer that you made in your testimony there, where the chairman said, "Don't you keep any records?" and you stated, "No; because these people I don't ask any questions of."

What did you mean by that?

Mr. BERNSTEIN. I don't ask anybody questions unless it is such that I must get the information. If people walk in and leave things with me and walk out and they have implicit confidence in me, why should I ask them questions?

Mr. ROBINSON. This is a particular situation. What do you mean by "these people"?

Mr. BERNSTEIN. I am speaking about those people who brought these funds in to me. They didn't ask for any receipts. They had implicit confidence in me and they walked out, so why should I question them if they don't question me?

Mr. ROBINSON. What do you mean by "these people"?

Mr. BERNSTEIN. I meant the particular individuals who brought it in. I didn't mean any group at all. The individuals who brought these proceeds to me left them with me, didn't question me, asked for no receipt and hence why should I question them?

Mr. ROBINSON. Were you disturbed about it?

Mr. BERNSTEIN. No, sir; I was not. The first time I was and I called up Mrs. Campagna and asked her about it.

Mr. ROBINSON. Let me read this question and answer from the same testimony:

The CHAIRMAN. Lay it right down on your desk?

Mr. BERNSTEIN. There is a tremendous amount of money brought in, Congressman. I was more disturbed about it than you are.

Mr. BERNSTEIN. When I say disturbed, I was disturbed about my office in that way. You don't like to have funds brought in and you don't know who these people are. You do not know what is going to happen and you are responsible for them.

Mr. ROBINSON. It seems to me if you were disturbed about it why wouldn't you ask them who they were?

Mr. BERNSTEIN. If I laid down on your desk now \$10,000 and you were in an ordinary office and you read of hold-ups and various other

things, wouldn't you be disturbed about that kind of money being in your possession?

Mr. ROBINSON. Why didn't you——

Mr. BERNSTEIN. That is why I speak about being disturbed.

Mr. ROBINSON. Why didn't you tell them to turn it over to the family?

Mr. BERNSTEIN. The fact is, I didn't do it.

Mr. ROBINSON. Is there any particular reason?

Mr. BERNSTEIN. That is what I should have done.

Mr. ROBINSON. Is there any particular reason for not doing it?

Mr. BERNSTEIN. No; there wasn't any. They brought the funds in. You are a lawyer. Let's assume somebody had a judgment against a client of yours. That is, you had a judgment. Someone came in and paid that. All you would be interested in is seeing that that judgment was discharged. You wouldn't ask him who was bringing it in.

Mr. ROBINSON. I certainly would.

Mr. BERNSTEIN. That would be your form of practice.

Mr. ROBINSON. What was done with the difference between the amount that was brought in and the amount that was paid?

Mr. BERNSTEIN. If I recall, as I indicated, it was somewhere between eight hundred and nine hundred dollars. I advised them I was retaining that on account of the fee.

Mr. ROBINSON. You retained that as a fee?

Mr. BERNSTEIN. On account of the fee, yes.

Mr. HALLEY. You originally had told Mrs. Campagna how much money would be needed, is that right?

Mr. BERNSTEIN. As to the \$2,500——

Mr. ROBINSON. No, not on the fee. On the settlement.

Mr. BERNSTEIN. No, I didn't. They couldn't be told because that didn't come until some time later.

Mr. ROBINSON. How did she know how much money to raise?

Mr. BERNSTEIN. Mr. Accardo knew that, in my conversations down with the other people. She knew it.

Mr. ROBINSON. How much money to raise?

Mr. BERNSTEIN. They knew how much the settlement was going to be.

Mr. ROBINSON. Who did you tell specifically how much the settlement would be?

Mr. BERNSTEIN. When I discussed this matter at the penitentiary with both Mr. DeLucia and with Mr. Campagna, Mr. Accardo was along with me. He heard me discuss with them——

Mr. ROBINSON. At that point did you say I can settle this case for so much money?

Mr. BERNSTEIN. We had a couple of settlements, which I——

Mr. ROBINSON. At what point did you know you could settle the case for \$189,000?

Mr. BERNSTEIN. That wasn't the figure originally given. There were several proposals that were made. One proposal was far less than that.

Mr. ROBINSON. The proposal by you?

Mr. BERNSTEIN. No, no. Well, I should say "Yes."

The CHAIRMAN. What we are trying to get at, I think, is when the final agreement of \$190,000, approximately, was arrived at, who knew it. You knew it?

Mr. BERNSTEIN. The one who of necessity would have to know about it would be Accardo.

Mr. HALLEY. Who did you tell about it, Accardo?

Mr. BERNSTEIN. No, they were down in the penitentiary with me when I discussed this matter.

Mr. HALLEY. How many trips did you make to Leavenworth with Accardo?

Mr. BERNSTEIN. I am guessing, about 10 or 12. I went all alone down there but one or two times.

Mr. HALLEY. On each trip there was further discussion of the settlement?

Mr. BERNSTEIN. No; because we had other tax matters that came up subsequently to this. Subsequent to this settlement the agent's office started to arrange for an assessment on 1942 and 1943, first on one of the two gentlemen and then on the other. I had to work that settlement out, as a result of which I filed a claim for refund for Mr. DeLucia, and the proposed assessment on DeLucia was finally canceled. Then there was some deficiency in a subsequent period on Mr. Campagna.

Mr. HALLEY. Can you say definitely that at some one of these conferences at Leavenworth, at which you and Accardo and DeLucia and Campagna participated, the final sum of \$189,000 was stated by you to be the amount that was needed?

Mr. BERNSTEIN. That I doubt. I think what I discussed with them was the amount of the tax.

Mr. HALLEY. That would be about \$126,000?

Mr. BERNSTEIN. I think I discussed with them the amount of the tax, but I also indicated the amount of the interest would likewise have to be paid. That was not computed.

Mr. HALLEY. You didn't compute it so the total amount that would be needed was somewhat vague?

Mr. BERNSTEIN. Yes. I think I told Mrs. Campagna that and Mrs. DeLucia.

Mr. HALLEY. The exact amount?

Mr. BERNSTEIN. The exact amount. I must have. I must have told one of them.

Mr. HALLEY. Did the money start coming in before you told Mrs. Campagna and Mrs. DeLucia the exact amount?

Mr. BERNSTEIN. No; it did not.

Mr. HALLEY. Then at some point you told Mrs. Campagna and Mrs. DeLucia the exact amount that would be needed?

Mr. BERNSTEIN. That is right. I think I gave them an approximate amount, \$190,000, as the total. I think I gave it to each one of them respectively.

Mr. HALLEY. Was that in a joint conference?

Mr. BERNSTEIN. No.

Mr. HALLEY. When and where did you tell that to Mrs. Campagna and Mrs. DeLucia?

Mr. BERNSTEIN. I am trying to recall if I told it to them. I don't know whether I told it to them or I told it to Mr. DeLucia and Mr. Campagna. I don't know who it was I told it to. I think at one stage of this proceeding, when I knew that the tax had to be brought in in that limited period that we had to make settlement, I made a

computation of the tax and the interest, and I indicated somewhere along that line. I don't know whether I told it to Mr. DeLucia and Mr. Campagna or Mrs. DeLucia and Mrs. Campagna. I don't recall.

Mr. HALLEY. You told either the men or the women?

Mr. BERNSTEIN. Somewhere along that line it was told.

Mr. HALLEY. In other words, the best you can tell us is that sometime, somewhere, you told someone.

Mr. BERNSTEIN. I must have. I naturally had to tell them.

Mr. HALLEY. That is not very satisfactory.

Mr. BERNSTEIN. It may not be satisfactory, but I am trying to recall as best I can.

Mr. HALLEY. You have answered an awful lot of questions about this since.

Mr. BERNSTEIN. I beg your pardon?

Mr. HALLEY. You have had a number of people asking about this thing. Haven't you ever straightened it out in your mind yet?

Mr. BERNSTEIN. No; I have not had a number of people asking me about it.

Mr. HALLEY. A Senate committee asked about it.

Mr. BERNSTEIN. A congressional committee asked me about it, and I volunteered the information. I volunteered that information.

Mr. HALLEY. They asked you questions, didn't they?

Mr. BERNSTEIN. If I recall, if you look through that transcript, they were confused all the way through why these men were released without this tax being paid, and they were examining a member of the Parole Board rather exhaustively. I saw there was some confusion about that, and at that time I told them the tax had been paid and settled. That was the first knowledge, settled about a year before the time of the parole.

Mr. HALLEY. The point I am trying to get at is that this is not a matter that has just come up after 5 years. You have had a number of reasons in the past to refresh your recollection about it.

Mr. BERNSTEIN. No; I would not.

Mr. HALLEY. You haven't?

Mr. BERNSTEIN. No; as I say, if I assumed all this was going to transpire, I would have made notes and a record.

Mr. HALLEY. The record will show whether you should have refreshed it or not. In any event you don't know whom you have told the amount of the final settlement or when and where you told them.

Mr. BERNSTEIN. It would have had to be told about the time we made the settlement.

Mr. HALLEY. It would have to be told before the settlement, obviously.

Mr. BERNSTEIN. At the time of the proposed settlement. I had a number of settlements worked out.

Mr. HALLEY. We have four key people, let us say—Mrs. DeLucia and Mr. DeLucia, Mr. Campagna and Mrs. Campagna.

Mr. BERNSTEIN. I don't know whether Mrs. DeLucia knew about this. She is far from being a businesswoman.

Mr. HALLEY. We will exclude her. Then there is Mr. and Mrs. Campagna; isn't that right?

Mr. BERNSTEIN. And, if I told Mr. Campagna, then the other gentleman would have overheard it.

Mr. HALLEY. Accardo?

Mr. BERNSTEIN. Yes.

Mr. HALLEY. And DeLucia would have heard it too.

Mr. BERNSTEIN. Naturally.

Mr. HALLEY. So, if you told any of the men, you told all the men; is that right?

Mr. BERNSTEIN. Those three. If I told any of them, those three would naturally have knowledge, because he was there at the time of the conversation.

Mr. HALLEY. If you discussed it with any of the women, it was Mrs. Campagna.

Mr. BERNSTEIN. All right. I doubt whether I have ever had very much conversation with Mrs. DeLucia. I could get very little help from her.

Mr. HALLEY. At least you did talk to Mrs. Campagna to the extent of her telling you the arrangements had been made for the money to be brought to you; is that right?

Mr. BERNSTEIN. That I didn't say.

Mr. HALLEY. I am trying to find out what you did say.

Mr. BERNSTEIN. I didn't say that.

Mr. HALLEY. What did she tell you?

Mr. BERNSTEIN. I said I informed Mrs. Campagna that certain sums were brought in to pay some taxes which she knew about. She said she had heard about it, and that is all she said. She knew about it or something like that.

Mr. HALLEY. Wouldn't that mean she knew that arrangements had been made for the money to come to you?

Mr. BERNSTEIN. That will have to be your conjecture, not mine.

Mr. HALLEY. How do you interpret what she said?

Mr. BERNSTEIN. I interpret she knew she might have known that the money was being brought in by different people. She had some knowledge of it.

Mr. HALLEY. It couldn't have been brought in without arrangements having been made.

Mr. BERNSTEIN. I am not going to guess. I am a lawyer. I don't guess in business.

Mr. HALLEY. Words are a way of conveying meaning. What did it convey to you when she said, "I know the money is coming"?

Mr. BERNSTEIN. I assumed some members of the family were bringing it in.

Mr. HALLEY. What exactly were her words, do you remember, to your best recollection?

Mr. BERNSTEIN. Just as I have indicated.

Mr. HALLEY. May we have it again?

Mr. BERNSTEIN. "I know about it," or something like that.

Mr. HALLEY. "I know about it"? "It is all right, I know about it"?

Mr. BERNSTEIN. It would be something along that line. I couldn't give you the exact words.

Mr. HALLEY. Was this on the phone?

Mr. BERNSTEIN. I believe it may have been a telephone conversation.

Mr. HALLEY. You called her?

Mr. BERNSTEIN. Yes; I called her. Naturally I would call her. Naturally I would. Either I called her or I went out to see her.

Mr. HALLEY. Was it right after the first batch of money came in?

Mr. BERNSTEIN. Immediately.

Mr. HALLEY. May I conjecture that when a couple of anonymous gentlemen or one anonymous gentleman—always only one at a time ever came? Is that right?

Mr. BERNSTEIN. Always only one.

Mr. HALLEY. An anonymous gentleman came and dropped how much money the first load on your desk?

Mr. BERNSTEIN. You say dropped or do you mean left there?

Mr. HALLEY. Left there.

Mr. BERNSTEIN. I believe the first one was \$10,000.

Mr. HALLEY. At that point you were a little concerned about the mode of delivery of the money?

Mr. BERNSTEIN. Because I knew nothing about any arrangements for funds to be brought in.

Mr. HALLEY. He said, "This is for Campagna"?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. He didn't say it was for DeLucia?

Mr. BERNSTEIN. The first time I think he said Campagna.

Mr. HALLEY. So you decided you had better check with Mrs. Campagna.

Mr. BERNSTEIN. I wanted to know what it was all about.

Mr. HALLEY. You jumped into a cab?

Mr. BERNSTEIN. I have my own car and drove out there.

Mr. HALLEY. Alone?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. About what time of the day did you drive out?

Mr. BERNSTEIN. I wouldn't know, sometime during the afternoon, but I couldn't say when.

Mr. HALLEY. How often have you been to Campagna's house?

Mr. BERNSTEIN. I am out there since he has been out of the penitentiary at least once a month to make up his payroll report.

Mr. HALLEY. When he was in the penitentiary, how often were you out there?

Mr. BERNSTEIN. I don't believe I was out there more than three or four times.

Mr. HALLEY. On this occasion this was the same day the money arrived?

Mr. BERNSTEIN. It was the first day the money came in.

Mr. HALLEY. You went out there——

Mr. BERNSTEIN. I don't know if she was home. Pardon me. I am trying to recollect.

I might have phoned her. I might have phoned her. I don't recall now.

Mr. HALLEY. I am sorry.

Mr. BERNSTEIN. I may have phoned her that time.

Mr. HALLEY. You may have phoned her. On what occasion did you get into your car and drive out there? What happened to occasion you to do that?

Mr. BERNSTEIN. I think she was sick one time and called me up. She wanted to see me. I think it was about the time that the parole was issued. I think that may have been the first time I was out to the home.

Mr. HALLEY. In any event she then said that she knew the money—

Mr. BERNSTEIN. Or words to that effect.

Mr. HALLEY. Or knew about it.

Mr. BERNSTEIN. She knew about it, words to that effect.

Mr. HALLEY. At that time did you tell her how much you needed altogether?

Mr. BERNSTEIN. No; I didn't.

Mr. HALLEY. Did you at any time?

Mr. BERNSTEIN. I say I am vague who I told that to. I believe she knew about it, what it was.

Mr. HALLEY. Let me ask you just one more question.

Mr. BERNSTEIN. Of course I gave her the receipt for it.

Mr. HALLEY. You gave her a receipt for the money?

Mr. BERNSTEIN. When the final receipt came through.

Mr. HALLEY. The final receipt?

Mr. BERNSTEIN. I gave it to her.

Mr. HALLEY. As this money came in, you kept a tally of it; is that right?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Did you keep reporting to anybody how much you had?

Mr. BERNSTEIN. I did not; no, sir.

Mr. HALLEY. So somebody obviously was adding it up and knew when to stop at the \$190,000 point.

Mr. BERNSTEIN. That was obvious.

Mr. HALLEY. These six, more or less—

Mr. BERNSTEIN. I took it for granted that it came from the families.

Mr. HALLEY. It was coordinated delivery. It wasn't just assorted moneys being left in your office. It started and stopped at just the right point.

Mr. BERNSTEIN. I don't know what you call the right point, but it started and it stopped when I had this fund in my possession.

Mr. HALLEY. It stopped at the point you had indicated you needed.

Mr. BERNSTEIN. Yes; that is right.

Mr. HALLEY. You didn't from time to time keep calling and saying, "I need another \$50,000" and "I need another \$30,000"?

Mr. BERNSTEIN. I did not; no, sir.

Mr. HALLEY. You just sat tight, and eventually you had \$190,000.

Mr. BERNSTEIN. It came within that period. I think it came in about a week before; it may have come in about a week before the time was completed.

Mr. HALLEY. How long a period was taken up for the money to come in?

Mr. BERNSTEIN. It was either a period of 30 days or 60 days. I don't recall. During the period of time I was supposed to deposit it. We had an agreement with the technical staff; in my offhand opinion I think it was 30 days.

The CHAIRMAN. All the money came in in the last week; is that the situation?

Mr. BERNSTEIN. No. A small portion came in in the forepart, and I think toward the end of the time the balance came in.

Mr. HALLEY. Did you have occasion to call anybody up and tell them to hurry up with the money?

Mr. BERNSTEIN. Never; no, sir. They knew they had 30 days' time.

Mr. HALLEY. You called them and you never rushed them again?

Mr. BERNSTEIN. That is right.

The CHAIRMAN. All right, Mr. Robinson.

Mr. ROBINSON. Where did you keep the money?

Mr. BERNSTEIN. I kept part in my office, part on deposit in a vault in the First National Bank.

Mr. ROBINSON. How was the tax settlement made, in cash or by check or did you state that?

Mr. BERNSTEIN. I took those proceeds, if my memory serves me right, over to the First National Bank, deposited them and then made out the checks.

The CHAIRMAN. You said American National?

Mr. BERNSTEIN. I mean the American National. I am sorry.

Mr. ROBINSON. Do you recall what the total amount was that was brought in by any one person? I believe you testified a little while ago that the same person came in more than once.

Mr. BERNSTEIN. How much any one person would bring? I wouldn't recall that. I do know some brought in \$10,000, some \$20,000. It all seemed to be in units of tens.

Mr. ROBINSON. But they all weren't different individuals who came in?

Mr. BERNSTEIN. Oh, yes. Sometimes some would bring it in two or three times.

Mr. ROBINSON. Some one person would bring it in two or three times?

Mr. BERNSTEIN. Sometimes they brought it to my secretary in the office—left it with her on several occasions. I know one gentleman outside wanted to know what in the world they were leaving that kind of money around there for.

Mr. ROBINSON. But you don't recall what one person who came in several times brought in in total?

Mr. BERNSTEIN. No; I would not know.

Mr. ROBINSON. Were there any sums brought in less than \$10,000?

Mr. BERNSTEIN. I wouldn't recall. If my memory serves me right, I kind of doubt it. It might have been, but I don't know.

Mr. ROBINSON. You don't think there was any one person who brought in a sum less than \$10,000?

Mr. BERNSTEIN. There might have been, but I don't recall.

Mr. ROBINSON. In likelihood you don't think they did bring in a sum less than that?

Mr. BERNSTEIN. There may have been a couple of occasions when they brought in \$5,000, but I am not certain. I know it was never less than \$5,000.

Mr. ROBINSON. How many times did this one person come in, the one person, we will call him "A," who came in several times?

Mr. BERNSTEIN. I don't think anybody came in more than three times.

Mr. ROBINSON. So there is a possibility that that one person may have brought in a total of \$30,000, \$40,000, or \$50,000?

Mr. BERNSTEIN. I don't think anyone brought in that much money—one individual. That I doubt. Thirty thousand dollars; yes, sir, possibly. At different times; not at one time.

Mr. ROBINSON. I mean the one individual that you say came in several times.

Mr. BERNSTEIN. You mean in the aggregate?

Mr. ROBINSON. The aggregate amount that he brought in, would it be over \$30,000?

Mr. BERNSTEIN. That is possible.

Mr. ROBINSON. That is what I wanted to know.

Mr. HALLEY. You never saw any of these people before?

Mr. BERNSTEIN. Never, no, sir.

Mr. HALLEY. Or since?

Mr. BERNSTEIN. Nor since.

Mr. ROBINSON. What did they look like? Can you describe any of them?

Mr. BERNSTEIN. Yes. They would be different statures, some dark-complected. One individual seemed to be, I would say, I recall him because he was rather thin and small. I think he was about 5 feet 2.

Mr. ROBINSON. Did they look like Italian people?

Mr. BERNSTEIN. I have difficulty in telling nationalities by names or by faces.

Mr. ROBINSON. Were they well dressed? Did they look like substantial people?

Mr. BERNSTEIN. They were fairly dressed, dressed like you and I, nothing gaudy about them.

The CHAIRMAN. Did you ever see any of their pictures in the paper since then?

Mr. BERNSTEIN. No, sir; I did not.

The CHAIRMAN. You have seen all these pictures of so-called racketeers in the papers, and you have never recognized any of them as being——

Mr. BERNSTEIN. I scanned some of them. I don't recall any of them. None of the men that I have met.

The CHAIRMAN. Would they come right in your office and put the money on the desk?

Mr. BERNSTEIN. They would walk in and leave it either with me or Miss Cox.

The CHAIRMAN. Would they say this is \$10,000?

Mr. BERNSTEIN. In one or two instances they may have.

The CHAIRMAN. Otherwise, they would just leave an envelope with the money in it?

Mr. BERNSTEIN. That is right. Sometimes they left it with Miss Cox at my office. I don't think they ever said a word to her. She would merely say this was left here.

The CHAIRMAN. They would say left here for Campagna or DeLucia?

Mr. BERNSTEIN. I think that is what she told me, credit to that account.

The CHAIRMAN. Let's move on.

Mr. ROBINSON. Do you handle Mr. DeLucia's books?

Mr. BERNSTEIN. I do; yes, sir.

Mr. ROBINSON. You keep his accounts, his ledgers?

Mr. BERNSTEIN. Since he has been out, relating to the farm primarily.

Mr. ROBINSON. That is right. How often do you keep those books?

Mr. BERNSTEIN. He brings in his check book once a month, and I go over it. He brings in the check book and he brings in the deposit book, and he brings in memorandums of any sales that he has made.

Mr. ROBINSON. You go over those and discuss it with him and make the proper entries in the book?

Mr. BERNSTEIN. The checks, I only post them. Anyone that requires question I ask him about it.

Mr. ROBINSON. You make up the books in your office?

Mr. BERNSTEIN. That is right.

Mr. ROBINSON. You do that personally with him?

Mr. BERNSTEIN. As I say, he will bring—the checks are sent in, rather, the stubs, I mean, the check book is sent in around the 30th or the 31st or somewhere between the 28th and 31st. I post them all. He generally comes in the 31st or the 1st.

Mr. ROBINSON. It is done on a monthly basis.

Mr. BERNSTEIN. On a monthly basis; yes, sir.

Mr. ROBINSON. Does he indicate to you at that time whether or not he has made any loans?

Mr. BERNSTEIN. Sometimes he does, sometimes he goes back and tells me about making a loan. I think invariably he indicates to me any of his receipts.

Mr. ROBINSON. And you then make proper entry on the book as to whether it is a loan or whatever?

Mr. BERNSTEIN. Some of them would be reflected in the deposit in the bank, if they are deposited. I question each of the deposits, so I can break down what they are from, if they are sales or where they are from. If there are other sums, then I journalize them.

Mr. ROBINSON. Has he discussed with you any loans he has made since the first of the year?

Mr. BERNSTEIN. I recall one loan. He was trying to get one from some insurance company. They turned him down. I think he was trying to get quite a loan on the farm and they wouldn't give it to him.

Mr. ROBINSON. Is that the only one?

Mr. BERNSTEIN. That they rejected? That is the only one he discussed with me.

Mr. ROBINSON. That is the only one he has discussed with you since the first of the year?

Mr. BERNSTEIN. No, no. That was before the first of the year.

Mr. ROBINSON. I mean since the first of the year have there been any discussions with DeLucia about loans?

Mr. BERNSTEIN. I think there was one loan made.

Mr. ROBINSON. Do you recall what it is?

Mr. BERNSTEIN. Yes; I think there was a loan, I am guessing, around \$40,000. I don't think he deposited it, if I recall.

Mr. ROBINSON. Do you recall whether or not he entered that loan on his books?

Mr. BERNSTEIN. I think I must have made it in two entries. I am pretty sure I put that loan on the book, because any loan that is made and he gave me information, any information he gave me was always reflected on the books in detail.

Mr. ROBINSON. Why do you say you made two entries?

Mr. BERNSTEIN. It seems to me there was one item of \$10,000 and then \$30,000.

Mr. ROBINSON. I am talking about since January 1, 1950.

Mr. BERNSTEIN. It occurs to me there may have been a loan. It seems to me there was a loan made. I am not sure.

Mr. ROBINSON. Do you recall making an entry on the books for a loan of \$40,000 since January 1, of this year, from Mr. Bennett?

Mr. BERNSTEIN. I recall making an entry of some loan on the book. I think that is the loan he kept in cash, that he retained in his own possession, and didn't deposit in the funds.

Mr. RICHARDSON. But you don't recall definitely whether you made an entry of that on the books?

Mr. BERNSTEIN. Offhand I don't recall. If the books reflect that, he must have told me about it. I mean independent of that I wouldn't recall.

Mr. HALLEY. What did he need that first loan for?

Mr. BERNSTEIN. I do not know.

Mr. HALLEY. How much cash did he have when he got out of jail?

Mr. BERNSTEIN. I do not know.

Mr. HALLEY. You set up a set of books for him, and I notice in the set of books you put repeated sums of personal cash deposited in the bank.

Mr. BERNSTEIN. That would be excess cash—in a bank?

Mr. HALLEY. He would take personal funds and deposit them in the bank repeatedly.

Mr. BERNSTEIN. I would just mark it from personal funds. I asked what it was, and he said personal funds.

Mr. HALLEY. In setting up the books, did you ask him how much personal funds he had?

Mr. BERNSTEIN. No, for the simple reason I was trying to keep originally a farm set of books, trying to indicate the income from the farm. That was his only source of income that I had knowledge of. I was trying to reflect primarily receipts and disbursements and capitalizing proper items that required capitalization.

Mr. HALLEY. How about his personal assets? Wasn't that of some importance in working out his finances?

Mr. BERNSTEIN. Only insofar as the farm was concerned.

Mr. HALLEY. Why do you say that?

Mr. BERNSTEIN. For the simple reason of taking depreciation. I wouldn't be interested in his home or anything else.

Mr. HALLEY. You were his tax adviser?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Suppose by the year 1950, it appeared that from the farm he had a net income of nothing, but he had spent many hundreds of thousands of dollars; it would be quite apparent that somebody would come along and ask him where he got the money. Isn't that right?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. In fact, that is exactly what was happening?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Didn't it ever occur to you, as his tax adviser, to find out in advance how much money he had so you could set the books up in a way that you would be able to explain where the money came from?

Mr. BERNSTEIN. No, sir. That was his burden.

Mr. HALLEY. Where do you assume some responsibility in relation to your clients?

Mr. BERNSTEIN. My responsibility is to report the correct income, and I know the man had no other source of income.

Mr. HALLEY. How did you know that?

Mr. BERNSTEIN. From the information and knowledge I had. I saw him at the farm at all times. When I tried to reach him, he was at the farm. He was rarely at the other address, excepting when he was sick. If I recall, he had a rather serious operation.

Mr. HALLEY. The man apparently from time to time was able to turn up with very large sums of cash which he reported to you he was putting into the farm bank account?

Mr. BERNSTEIN. I told him he would have to account for that, and he said it was his own funds.

Mr. HALLEY. You never at any point said, "We had better establish now how much you have got, because some day there is going to be a net assets case against you"?

Mr. BERNSTEIN. No, sir, I did not.

Mr. HALLEY. How many years have you been a tax lawyer?

Mr. BERNSTEIN. I have been practicing taxation since 1923.

Mr. HALLEY. What did he need that loan for? Did you ask him, in 1948?

Mr. BERNSTEIN. No, sir, I did not.

Mr. HALLEY. He borrowed \$40,000, isn't that right?

Mr. BERNSTEIN. The man said he made a loan. It wasn't mine to question.

Mr. HALLEY. The man was on parole, was he not?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. And the whole purpose of your keeping the books was to keep him straight with the parole officer?

Mr. BERNSTEIN. With the Income Tax Department.

Mr. HALLEY. How could you keep a man straight with the Income Tax Department when he repeatedly turned up with sums of \$5,000, \$6,000, \$4,000, \$10,000 in cash?

Mr. BERNSTEIN. Well, in looking over that tax result and all the other documents that I have ready, I assume that he had considerable cash, if the Government's case had any semblance of accuracy in his tax case. They taxed him on the assumption he had considerable sums of money.

Mr. HALLEY. But you have been telling me that he was willing at all times to mortgage his farm to raise the money for the tax settlement.

Mr. BERNSTEIN. That is right.

Mr. HALLEY. And that he had told you in jail, and Ricca and Campagna had told you, that they had no money to pay the tax?

Mr. BERNSTEIN. They never told me anything of the kind, never made such a statement.

Mr. HALLEY. Why were you discussing mortgaging their properties to raise the money?

Mr. BERNSTEIN. Because that is the only source I knew that they had funds. I didn't know they had other funds.

Mr. HALLEY. When your client, whom you had to keep straight with the income tax and the parole people, appeared in 1948 with vast sums of cash that he pumped into a farm, didn't you, as an intelligent lawyer, say "Wait a minute, fellow, where is this cash coming from? When we settled your tax case you had no money."

Mr. BERNSTEIN. I didn't say that. How could I say to him when I discussed the tax case he didn't have any? I never asked him whether he had any money.

Mr. HALLEY. You went down there, you testified, and you talked about raising the money to get the settlement.

Mr. BERNSTEIN. But he never indicated to me that he had a source of funds.

Mr. HALLEY. He indicated that he was ready to mortgage his farm?

Mr. BERNSTEIN. And also to sell it, if necessary.

Mr. HALLEY. That is right. Then it turns out he has about \$300,000 which he claims he had in cash all the time?

Mr. BERNSTEIN. I know nothing about that, sir.

Mr. HALLEY. Well, you know that he pumped a great deal into the farm in cash?

Mr. BERNSTEIN. I knew——

Mr. HALLEY. We have the book here.

Mr. BERNSTEIN. I knew he was placing money. I questioned him about it, and he said it was his own funds.

Mr. HALLEY. That is exactly what I mean. At that point, didn't you begin to think you had better take very good care for his status?

Mr. BERNSTEIN. I think I did. I think I did it substantially well, sir.

Mr. HALLEY. In fact, when you made your settlement with the income tax people, didn't you represent, as one of the elements in the settlement, that \$190,000 was just about all they could get together?

Mr. BERNSTEIN. I never made such a statement, sir. It was not made upon their ability to pay, but upon the facts.

Mr. HALLEY. There was no question of their ability to pay?

Mr. BERNSTEIN. No, sir. This settlement was not based upon ability to pay or upon any financial statement. This was not a compromise settlement. It was purely a question of fact.

Mr. HALLEY. I ask you now, you have testified that this man at the time of the tax settlement was ready to mortgage or sell his farm?

Mr. BERNSTEIN. I suggested that to him.

Mr. HALLEY. No, you said he was perfectly willing.

Mr. BERNSTEIN. That is right. Something had to preface that.

Mr. HALLEY. He certainly didn't say, "I have large sums of cash which are readily available"?

Mr. BERNSTEIN. No, sir, he did not.

Mr. HALLEY. When the money came in, it was brought in by a lot of strangers in dribs and drabs, is that right?

Mr. BERNSTEIN. Not in dribs and drabs. Do you call that dribs and drabs?

Mr. HALLEY. It is a matter of relevance. When you get into \$200,000——

Mr. BERNSTEIN. \$10,000 and \$20,000 is not dribs and drabs, to me.

Mr. HALLEY. The amount was \$200,000, and you didn't get it all in a lump?

Mr. BERNSTEIN. No; I did not.

Mr. HALLEY. When your client came along and, right off the bat, as soon as he got out of jail, began telling you of large amounts of cash he had put into the farm, did you not question him on where he got the cash?

Mr. BERNSTEIN. I did, sir, and he said he had money at that time.

Mr. HALLEY. Didn't you say to him at that time, "Why didn't you say you had money when we were discussing your tax settlement?"

Mr. BERNSTEIN. Is that the province of a lawyer to do that?

Mr. HALLEY. It is, if you are trying to keep a man straight with both the parole board and the tax people.

Mr. BERNSTEIN. If you recall the way he made his original returns, it was always on a net-worth basis, and that is why his assessment was far less than that of Campagna's.

Mr. HALLEY. Did he give his net worth, did he include in the net worth this \$300,000 in cash?

Mr. BERNSTEIN. I don't recall. I didn't make up those returns.

Mr. HALLEY. You didn't have that in mind?

Mr. BERNSTEIN. No, sir.

Mr. HALLEY. How would you account for his having \$300,000 in cash?

Mr. BERNSTEIN. I don't profess to prognosticate things that way.

Mr. HALLEY. I have, for instance, cash deposited from personal funds, January 1, 1948, \$2,500. Then in March, a total of \$30,000 cash deposited from personal funds. Almost immediately on getting out of jail, he began withdrawing these very large amounts from his personal funds, is that right?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. You never made an effort to find out how much cash he had—

Mr. BERNSTEIN. I repeatedly told you I asked him, and he merely would say to me, it was from personal funds. You gentlemen question Mr. Ricca, and you will find he doesn't give you any more answers to things more specifically than that answer.

Mr. HALLEY. You never sought to find out how much funds he had so you could establish a starting point in that way?

Mr. BERNSTEIN. I was only interested in trying to get the farm income. You won't find very few farmers who have as complete a record as that.

Mr. HALLEY. The farm obviously is a trivial part of his total assets?

Mr. BERNSTEIN. Well, everything I know has gone to that farm.

Mr. HALLEY. Yes, but where does it come from? Where does all this cash come from?

Mr. BERNSTEIN. You will have to accept his answer for that.

Mr. HALLEY. But you were purporting to keep the books for him and keep him straight.

Mr. BERNSTEIN. And I have reflected everything actually and honestly given, as reported on those books.

Mr. HALLEY. You made no effort to find out how much cash he started with?

Mr. BERNSTEIN. No, I did not.

Mr. HALLEY. That is all.

Mr. BERNSTEIN. Otherwise, I would have gone into all these others items of real estate, his home, and everything else.

Mr. ROBINSON. Mr. Bernstein, I want to call your attention to exhibits 4 and 5 to Mr. DeLucia's testimony, and particularly to the entry in the journal for May 6, 1948, which indicates a loan from Hugo Bennett of \$10,000, and also an entry of May 24, 1948, which is a mortgage loan, Long Beach property, Hugo Bennett, \$30,000.

I also call your attention to the trial balance for July 31, 1950, and ask you to explain the discrepancy between those two entries in the trial balance?

Mr. BERNSTEIN. What discrepancy do you mean? I don't follow you. Here is \$10,000 and \$30,000, which is \$40,000.

Mr. ROBINSON. Which is obviously the note payable of \$10,000 in the trial balance entry?

Mr. BERNSTEIN. Where do you see that? He got a \$40,000 loan.

Mr. ROBINSON. What is this item here, \$10,000?

Mr. BERNSTEIN. It is a mortgage payable.

It is obvious I have indicated in the first instance that that \$10,000 was in cash and went into the bank account.

Mr. ROBINSON. That is the first \$10,000 from Mr. Bennett?

Mr. HALLEY. What year are you on now?

Mr. BERNSTEIN. I am looking at Journal J-28, and I notice a credit to cash and a debit to the personal account. I found that he originally had placed it into the bank account, and I credited his personal with it.

Mr. ROBINSON. Maybe I can simplify it. The first loan from Bennett in 1948 was \$10,000, and I believe you testified accurately that the second loan received in that year was for \$30,000. That is reflected in your 1948 entries; \$10,000 and \$30,000 loans, the \$30,000 being on the Long Beach property.

If you will look at the trial balance, I think it reflects a \$40,000 loan on the Long Beach property, and a \$10,000 loan which is, to me, unexplainable, unless there is an error in the entry in the trial balance.

Mr. BERNSTEIN. That is possible. I tell you how that error can come in. You notice it is in the personal account and not in the cash account. Originally, I placed it in the cash account, and then I found I was in error there, and took it out by a reversing entry. So that is possible. I may have misunderstood him in getting the information.

Mr. ROBINSON. Can you find in your trial balance of July 31, 1950, any entry of a loan of \$40,000 received from Mr. Bennett?

Mr. BERNSTEIN. I see a \$40,000 item there on the balance sheet, that is, on the trial balance, rather.

Mr. ROBINSON. That is on the Long Beach property?

Mr. BERNSTEIN. That is right.

Mr. ROBINSON. That is the same loan that is entered on your 1948 entry on the Long Beach property, mortgage on the Long Beach property? What I am getting at is this: Where is the entry for \$40,000 on a loan received from Mr. Bennett which was secured by his farm property?

Mr. BERNSTEIN. If he gave me the information it should be reflected in here.

Mr. ROBINSON. There is a possibility he has not given you that information?

Mr. BERNSTEIN. Everything is within the realm of possibility. Don't forget, information on what was in the bank I got from him; and if there was any other cash received and he didn't report it to me, I didn't have it.

The CHAIRMAN. Is that in there, or not?

Mr. ROBINSON. I couldn't find it.

Mr. BERNSTEIN. I notice a \$40,000 mortgage here on the books.

The CHAIRMAN. What date?

Mr. BERNSTEIN. I don't have the entry for the moment. It is in liabilities here.

I show an entry here on May 6 and June 24, 1948, totaling \$40,000, loan payable on Long Beach property.

Mr. ROBINSON. That is the first loan.

Mr. BERNSTEIN. I know of no other. It seems to me there was another loan made.

The CHAIRMAN. What was the date of the second loan?

Mr. BERNSTEIN. May 6 was \$10,000, and June 24 was \$30,000. He may have gotten that \$40,000 at one time, and I found only \$10,000, and later on he told me about the other money. If I discovered the information then I would later reflect it on the books. That may all have been made on May 6, but I didn't get the ultimate information until maybe in June.

Mr. ROBINSON. You are speaking of 1948?

Mr. BERNSTEIN. I am speaking of 1948, yes. This reflects 1948.

Mr. ROBINSON. I am speaking about a \$40,000 loan made in 1950.

Mr. BERNSTEIN. I am trying to see where this entry comes from. I am trying to see where the Journal entry is that this came in from. It is something unusual. I generally put the Journal page on here.

The CHAIRMAN. Let us just put in the record whether it is in there or not. Is it in there?

Mr. BERNSTEIN. I see a \$40,000 loan here.

The CHAIRMAN. I am talking about the one in 1950.

Mr. BERNSTEIN. I thought I saw another loan. Of course, the trial balance here balanced out all right, so the books seem to be in balance.

Mr. ROBINSON. O. K.

The CHAIRMAN. Let us see the books. Maybe I can tell whether it is in there.

Mr. ROBINSON. Do you handle the tax returns for Ralph Capone?

Mr. BERNSTEIN. No; I do not. I have handled a tax settlement for him this year. The first time I ever saw Ralph Capone was in 1950.

Mr. ROBINSON. Have you ever handled his tax returns?

Mr. BERNSTEIN. No. I think that was handled by Mr. Brantman.

Mr. ROBINSON. Mr. Bernstein, I will show you this yellow sheet, and ask you whether or not that is your work sheet?

Mr. BERNSTEIN. That is not my handwriting at all, no, sir.

Mr. ROBINSON. O. K.

Mr. HALLEY. When did you first represent Tony Accardo?

Mr. BERNSTEIN. It seems to me somewhere between 1940 and 1941. I couldn't tell you exactly.

Mr. HALLEY. In what matters did you represent him?

Mr. BERNSTEIN. Income tax returns only.

Mr. HALLEY. Who referred him to you?

Mr. BERNSTEIN. I don't know.

Mr. HALLEY. Have you represented—

Mr. BERNSTEIN. I think he came with Mr. Imburgio at that time, or a representative of Imburgio. I think I represented Imburgio first, and then he came to me. That is only a conjecture.

Mr. HALLEY. Did you ever represent Harry Russell?

Mr. BERNSTEIN. Never.

Mr. HALLEY. Ralph Pierce?

Mr. BERNSTEIN. He may have been involved in a group of tax settlements that I effected, but I don't recall meeting him.

Mr. HALLEY. You think Imburgio brought Accardo in?

Mr. BERNSTEIN. It is easy to say that, because the man is dead, but I don't want to fall back upon that. I don't know. It seems to me that I had a matter for Imburgio first, and they were associated in some matters together.

Mr. HALLEY. Have you represented Accardo ever since 1942, say?

Mr. BERNSTEIN. In tax matters; yes.

Mr. HALLEY. What is his business?

Mr. BERNSTEIN. I say, that I got solely from my relationship as attorney and client, and I believe, on the grounds of privilege, I shouldn't be pressed for that.

Mr. HALLEY. I don't think a man's business is a matter of privilege.

Mr. BERNSTEIN. I only acquired that information by virtue of representation, sir.

Mr. HALLEY. It is a matter that everybody knows.

Mr. BERNSTEIN. Since you know, then why ask me?

Mr. HALLEY. I am asking you whether you know it?

Mr. BERNSTEIN. I do; yes.

Mr. HALLEY. What is it?

Mr. BERNSTEIN. That, I say, on the ground of privilege. I don't think I ought to be pressed to answer.

Mr. HALLEY. You revealed it in the tax returns?

Mr. BERNSTEIN. That is true, in my relationship as attorney and client.

Mr. HALLEY. I ask you, to the extent you stated his business on a tax return, was the information accurate and correct?

Mr. BERNSTEIN. Anything on that tax return, to the best of my information and belief, is correct.

Mr. HALLEY. Did he have any other business than that stated on the tax return?

Mr. BERNSTEIN. Not that I know of.

Mr. HALLEY. Did Anthony Accardo have any legitimate business, to your knowledge?

Mr. BERNSTEIN. I think he did.

Mr. HALLEY. What?

Mr. BERNSTEIN. I say that also would be reflected in the tax return. I don't recall. Whatever is shown on the tax returns. I kind of object to the word "legitimate" business, because that would be getting around, Senator—I am just trying—

The CHAIRMAN. I do not think there is any privilege on telling what a man's business is.

Mr. BERNSTEIN. When I only learned that from official representation, Senator?

The CHAIRMAN. Even if we were generous and agreed with you that you might have a privilege as to some really confidential information, the matter of a man's business, just what his business is, whether it is a grocery store, hardware, that is not privileged.

Mr. BERNSTEIN. Senator, I am assuming you are an attorney. Here is a man who comes to me, and the only information he reveals to me is because of my being a lawyer, and he discusses these matters with me because of the ground of privilege; otherwise he would not. It is

common knowledge; you gentlemen know it is. Why embarrass me by asking me a question which you have common knowledge of?

Mr. HALLEY. I will get right to the point. Some time ago you took exception to the statement I made that Accardo was a gangster, and I would like to know what legitimate business your client had.

Mr. BERNSTEIN. The word "gangster" has a different connotation to me than it may have to other people. A gangster is an individual who goes out and, by means of force, duress, obtains sums of money. If you and I go out and do certain things legally, and place funds in his possession without duress, at our own direction, and then he does something with that, that would not be gangsters. Gangsterism is very definitely a form of violence.

Mr. HALLEY. A gangster is a man who belongs to a gang, isn't he?

Mr. BERNSTEIN. Then you and I are gangsters, and we belong to the human race?

Mr. HALLEY. What gang do I belong to?

Mr. BERNSTEIN. We belong to the human race. We belong to a political party. That may be a gang.

Mr. HALLEY. We are just wasting time now.

In any event, Accardo, to your knowledge, had certain businesses?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Can you state any of them which were, to your knowledge as a lawyer, legitimate businesses as contrasted to illegitimate businesses?

Mr. BERNSTEIN. It depends upon the connotation of the use of the word "legitimate." He was in business, and the Government recognized it and accepted his funds.

Mr. HALLEY. Does that make it legitimate, that you have to pay taxes on it?

Mr. BERNSTEIN. If the Government licenses and sanctions certain things, they must be legal.

Mr. HALLEY. Let's quit double-talk. He was in the gambling business, isn't that right?

Mr. BERNSTEIN. I am asking the ground of privilege on that.

The CHAIRMAN. I think you should answer whether he was or was not.

Mr. HALLEY. Didn't you know, aside from any revelations he made to you? Didn't you know from going around Chicago?

Mr. BERNSTEIN. From the newspapers, the assumption was that he was a gambler.

Mr. HALLEY. From anything, do you have any knowledge of any business he was in other than gambling?

Mr. BERNSTEIN. It seems to me at one time he was in some other business. I don't recall what it was. I think the returns should show it, and you have the copies of the returns. They were given to you by the Treasury Department. That should reflect what it was. Whether it was some trucking company, or not, I don't recall.

Mr. HALLEY. But his major business was gambling?

Mr. BERNSTEIN. I beg your pardon?

Mr. HALLEY. His major business was gambling?

Mr. BERNSTEIN. From the newspapers.

Mr. HALLEY. From your talks with him in the presence of others. and—

Mr. BERNSTEIN. He never talked with me in the presence of others.

Mr. HALLEY. Have you never been to dinner with him?

Mr. BERNSTEIN. Yes; but he never discussed anything about gambling or anything.

Mr. HALLEY. Have you never been to the race track with him?

Mr. BERNSTEIN. I don't go to race tracks, sir. I don't gamble.

Mr. HALLEY. Have you ever been in a cafe with him?

Mr. BERNSTEIN. I have been in a restaurant with him.

Mr. HALLEY. Have you ever represented any of the Fischettis?

Mr. BERNSTEIN. I have answered that before, that I did.

Mr. HALLEY. Which ones did you represent?

Mr. BERNSTEIN. Rocco and Charles.

Mr. HALLEY. Have you ever represented Capezio, Anthony Capezio?

Mr. BERNSTEIN. Not to my knowledge.

Mr. HALLEY. Do you know Anthony Gizzo?

Mr. BERNSTEIN. I do. I know him as Tony Gizzo.

Mr. HALLEY. What is the extent of your acquaintance with Tony Gizzo?

Mr. BERNSTEIN. He would meet us or drive us from Kansas City to the penitentiary, either he or his brother, or he would make arrangements.

Mr. HALLEY. On all occasions?

Mr. BERNSTEIN. His brother, I think, nearly always took us.

Mr. HALLEY. Whenever you went to the penitentiary, it was Gizzo who arranged it?

Mr. BERNSTEIN. He arranged for transportation.

Mr. HALLEY. On some occasions, was Gizzo there?

Mr. BERNSTEIN. I think Gizzo was there once. You mean driving us?

Mr. HALLEY. In the car.

Mr. BERNSTEIN. I think he drove us once.

Mr. HALLEY. Were you present when De Lucia and Campagna left the penitentiary?

Mr. BERNSTEIN. I was.

Mr. HALLEY. Did you go to the penitentiary and leave with them?

Mr. BERNSTEIN. I did.

Mr. HALLEY. Where did you go from the penitentiary?

Mr. BERNSTEIN. To the airport.

Mr. HALLEY. Who drove you to the airport?

Mr. BERNSTEIN. I believe it was Gizzo's brother. I think it is a half-brother, or something like that; some relation, anyway.

Mr. HALLEY. Did you go into the city of Kansas City at all?

Mr. BERNSTEIN. If my memory serves me right, I don't think we did.

Mr. HALLEY. You didn't stop at the Muehlebach Hotel at all?

Mr. BERNSTEIN. Not to my recollection.

The CHAIRMAN. You ought to recall that.

Mr. BERNSTEIN. I don't recall that, Senator. I don't recall it now.

Mr. HALLEY. Who was in the party who left the prison in the automobile?

Mr. BERNSTEIN. It seems to me there were three of them, Charley Gioe, Campagna, De Lucia, myself, and I say this brother.

Mr. HALLEY. The brother of Gizzo?

Mr. BERNSTEIN. Brother, or some relative.

The CHAIRMAN. What is his first name?

Mr. BERNSTEIN. I don't know. I know his name wasn't Gizzo. He had a different name.

The CHAIRMAN. You are sure Gizzo was not there?

Mr. BERNSTEIN. I am pretty sure he wasn't there.

Mr. HALLEY. What airport did you drive to?

Mr. BERNSTEIN. I think there is only one airport there.

Mr. HALLEY. The airport at Leavenworth, or Kansas City?

Mr. BERNSTEIN. Kansas City.

Mr. HALLEY. The Kansas City airport?

Mr. BERNSTEIN. Yes.

Mr. HALLEY. At the airport, did you meet anybody?

Mr. BERNSTEIN. I don't recall meeting anybody.

Mr. HALLEY. Was Gizzo at the airport to greet them?

Mr. BERNSTEIN. I don't recall. If I recall, I think Mr. Gioe and I sat down. I think we went into the restaurant and got a bite to eat there.

Mr. HALLEY. Can you say definitely whether or not, on that occasion, when they left the prison with you, you went into the Muehlebach Hotel at all?

Mr. BERNSTEIN. To the best of my recollection, no.

Mr. HALLEY. Your recollection is that the party drove straight to the airport?

Mr. BERNSTEIN. I am just trying to remember if that is the night I stayed over there. I don't remember if I picked up my bags going out.

Mr. HALLEY. When did you stay there, the night before?

Mr. BERNSTEIN. The night before.

Mr. HALLEY. Where did you stay?

Mr. BERNSTEIN. The Muehlebach.

Mr. HALLEY. With whom did you stay?

Mr. BERNSTEIN. Alone.

Mr. HALLEY. Did you have a suite?

Mr. BERNSTEIN. I had a large room; yes, sir.

Mr. HALLEY. On that occasion, did you have any guests that night?

Mr. BERNSTEIN. I did not, sir.

Mr. HALLEY. Did you see Tony Gizzo?

Mr. BERNSTEIN. I did. I think I saw Tony Gizzo during the day.

Mr. HALLEY. Which day, now? The day before the release?

Mr. BERNSTEIN. The day before the release.

Mr. HALLEY. Where did you see Tony Gizzo?

Mr. BERNSTEIN. At the hotel, the Muehlebach.

Mr. HALLEY. Did he come to your room, or did he have a room there that you went to?

Mr. BERNSTEIN. I don't know whether he had a room, but some—

Mr. HALLEY. He had a suite, didn't he, that night or day?

Mr. BERNSTEIN. No; he had a room there—I don't know if he had the room. There was somebody else in the room. There was a heavy-set gentleman, slightly bald.

Mr. HALLEY. You went to his room?

Mr. BERNSTEIN. I did.

Mr. HALLEY. Was there any discussion? What did you go for?

Mr. BERNSTEIN. I don't recall now, maybe something about transportation. When I originally went, I only expected to get three tickets, and I had to have more. I mean, originally I was to have two tickets. I didn't expect that De Lucia was coming out. I thought Campagna was coming out.

Mr. HALLEY. Did you know Gioe was coming out?

Mr. BERNSTEIN. I did not.

Mr. HALLEY. So you needed two more tickets?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. You didn't need Gizzo to get you two airplane tickets?

Mr. BERNSTEIN. If I recall, I discussed it. I couldn't get any tickets down there. I discussed it with him, because I had these two tickets. I think some gentleman up there said he would get me two others.

Mr. HALLEY. How did you know Gizzo was going to be in the hotel? He doesn't live in that hotel?

Mr. BERNSTEIN. I met him. He knew I was in town. He always arranged to drive me out, and I drove back with his brother. I think I met him up there with his brother. His brother drove me back there, and that is why I met him there. I think he may have given me the room where he was at.

Mr. HALLEY. You mean Gizzo's brother drove you from the airport—

Mr. BERNSTEIN. No, no.

Mr. HALLEY. To the Muehlebach?

Mr. BERNSTEIN. When I went out to the penitentiary that night.

Mr. HALLEY. Did you go that night, or the next morning?

Mr. BERNSTEIN. I went that night to speak to the warden. I brought him down the adviser's report, whatever is required.

Mr. HALLEY. I see. Did you go out alone?

Mr. BERNSTEIN. I went out alone.

Mr. HALLEY. Who drove you out?

Mr. BERNSTEIN. I think it was Gizzo's brother who drove me out, brother or half-brother, whatever the relationship is. I don't know.

Mr. HALLEY. When you got to the penitentiary that night, did you see Ricca or Campagna at all?

Mr. BERNSTEIN. No; I did not.

Mr. HALLEY. You didn't see them at all that night?

Mr. BERNSTEIN. No; I did not.

Mr. HALLEY. You saw the warden?

Mr. BERNSTEIN. I think the warden asked if I wanted to see them, if I recall, and I told him I saw no reason for it.

Mr. HALLEY. Then you returned to Kansas City?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. You saw Gizzo before you went to the penitentiary, or after, that night?

Mr. BERNSTEIN. It seems to me it was after. I don't recall having met him before.

Mr. HALLEY. But it was Gizzo's brother who drove you out and back?

Mr. BERNSTEIN. I am pretty sure it was Gizzo's brother. It may have been Gizzo's brother or some helper that he used to have to take us around, who used to work for Gizzo.

Mr. HALLEY. What was the close relationship between Gizzo and your client? What was the reason for this very great assistance you would get in the way of automobiles and the other help?

Mr. BERNSTEIN. I think I was informed by Mrs. Campagna. I don't know. I think when I went down for the first time with Accardo, I think it was all arranged at that time.

Mr. HALLEY. By Accardo?

Mr. BERNSTEIN. I don't know how that was arranged.

Mr. HALLEY. The first time you went to the prison alone, you went to Atlanta. You didn't go to Leavenworth at all.

Mr. BERNSTEIN. That is right.

Mr. HALLEY. The first time you went with Accardo, it was to Leavenworth?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. When you got to Kansas City, there was Gizzo; is that right, or his brother, with the car?

Mr. BERNSTEIN. It was someone, either Gizzo or someone associated with Gizzo. There was a long thin fellow who used to work, I think, over at the factory where Mr. Gizzo is at.

Mr. HALLEY. Did you meet Binaggio, Charley Binaggio, on any of these trips?

Mr. BERNSTEIN. I don't even recall who he is.

Mr. HALLEY. Or Charles Gargotta?

Mr. BERNSTEIN. I don't recall meeting him.

Mr. HALLEY. Do you know James Balestrere?

Mr. BERNSTEIN. Not to my information. He was never introduced to me.

Mr. HALLEY. Do you know anybody named Joe DiGiovanni in Kansas City?

Mr. BERNSTEIN. No; I do not.

Mr. HALLEY. Or DeLucca, a name like your client's?

Mr. BERNSTEIN. No, I don't. I say I may have met people, but personally I don't know any of those people. I don't even recall the names or associate the names.

Mr. HALLEY. I am trying to find out who the other man was who was with Gizzo in the hotel room.

Mr. BERNSTEIN. I think I heard the name.

Mr. HALLEY. An Italian name?

Mr. BERNSTEIN. No; it was not. He seemed to be a fellow who knew his way around hotels, could get rooms, and tickets, and transportation, and everything else.

Mr. HALLEY. How long did you spend with Gizzo that night?

Mr. BERNSTEIN. About an hour in that room, possibly; maybe less. I know they had a couple of drinks with me.

Mr. HALLEY. You had a couple of drinks up in Gizzo's room?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Did you see Gizzo at all the next day? I refer to Tony Gizzo.

Mr. BERNSTEIN. To the best of my recollection, no.

Mr. ROBINSON. Do you handle the tax work for Pat Manning? Let me put it this way: Do you know Patrick Manning or Manno?

Mr. BERNSTEIN. Is there a Manno—

Mr. ROBINSON. Manno or Manning?

Mr. BERNSTEIN. It seems to me as though I have handled a return this year for Manno.

Mr. ROBINSON. Have you handled the tax work for Peter Tremont?

Mr. BERNSTEIN. Never.

Mr. HALLEY. Do you associate in cases with Sidney Korshak?

Mr. BERNSTEIN. No, sir; at no time. I never handled any case for Mr. Korshak, nor did he ever refer any cases to me.

Mr. ROBINSON. Do you handle the tax work for a man by the name of Fusco?

Mr. BERNSTEIN. No, sir; I do not.

Mr. ROBINSON. Rocco DeStefano?

Mr. BERNSTEIN. No, sir; I do not.

Mr. ROBINSON. You stated, I think, a while ago, Mr. Bernstein, that you handled some tax settlement for Ralph Capone?

Mr. BERNSTEIN. Yes. It was a recent one. He had a tax away back in 1935, down to date.

Mr. ROBINSON. Do you know what his property holdings are?

Mr. BERNSTEIN. It was all set out in the offer of compromise on some old tax settlement which is still unsettled.

Mr. ROBINSON. Do you recall whether or not he is the owner of a place called Billy's Bar?

Mr. BERNSTEIN. He told me he wasn't.

Mr. ROBINSON. What did he tell you?

Mr. BERNSTEIN. I questioned him at length on some of these matters.

Mr. ROBINSON. What did he state to you about the ownership of that place called Billy's Bar?

Mr. BERNSTEIN. He never told me about ownership. All I tried to ascertain was assets and liabilities.

Mr. ROBINSON. Did he indicate he was an employee there?

Mr. BERNSTEIN. He gave me that impression.

Mr. ROBINSON. Is that a corporation?

Mr. BERNSTEIN. I don't know. I know nothing about it.

Mr. ROBINSON. The only information you got from him was that he was an employee there and received some form of wages?

Mr. BERNSTEIN. If my memory serves me, I am pretty sure that is what he told me.

Mr. ROBINSON. Did he indicate he had any property holdings?

Mr. BERNSTEIN. I don't recall that in detail. I don't think he held any real estate.

Mr. ROBINSON. How about the Rex Hotel?

Mr. BERNSTEIN. No. If he had any real estate, he would have indicated it in his tax settlement. He indicated no hotel property at all.

Mr. ROBINSON. No real property?

Mr. BERNSTEIN. I think he had some interest in a lot which is under tax forfeiture, and there is a lot of arrearage on it. I think that is one asset he had. I am trying to remember it. I think it was listed on the schedule. That is the only matter I handled for him.

Mr. ROBINSON. Did he indicate he owned any cabin or lodge?

Mr. BERNSTEIN. No. I think he told me that was owned by his brother or mother.

Mr. ROBINSON. At Martha's Lake, Little Martha's Lake?

Mr. BERNSTEIN. That is up in the North Woods?

Mr. ROBINSON. That is right.

Mr. BERNSTEIN. Where he is living? I think he indicated it was owned either by his brother or mother, if my memory serves me right.

Mr. ROBINSON. How about Skinner's Place? Is there any indication that he owned that?

Mr. BERNSTEIN. I never heard of it.

The CHAIRMAN. Have we ever gotten the amount of this original assessment of taxes? Have you found that in the statement?

Mr. ROBINSON. Mr. Bernstein, does this refresh your recollection, a letter from the internal-revenue agent in Chicago to Mr. Campagna? I will read just the first sentence. The date of the letter is May 1, 1945:

You are advised that the determination of your income-tax liabilities for the taxable years ending December 31, 1935, to 1941, inclusive, discloses a deficiency of \$247,503.94, and \$123,079.08 in penalties.

Mr. BERNSTEIN. I didn't represent him in 1945. The first time I represented him was in 1950, about that time.

Mr. ROBINSON. Is that the original sum? Does that refresh your recollection as to what the original amount was?

The CHAIRMAN. That is that boxcar assessment?

Mr. BERNSTEIN. I think there was one assessment that we are submitting an offer of compromise on. Three different times the same offer was submitted. The only difference, I think, is the last offer increased the amount.

The CHAIRMAN. What does Mr. DeLucia say?

Mr. BERNSTEIN. You were speaking of Capone at that time.

The CHAIRMAN. No; he is talking about Campagna.

Mr. BERNSTEIN. I misunderstood. I thought you said Capone. I am sorry.

The CHAIRMAN. The sums were \$247,503 deficiency, plus one-hundred-and-twenty-three-thousand-some-odd dollars in penalties?

Mr. BERNSTEIN. I am pretty sure that is what the amount was. Hearing names thrown at me, I get confused and don't know which one you are speaking of. This is the deficiency assessment; yes, sir.

Here is the breakdown [indicating]. This doesn't include the interest at all.

The CHAIRMAN. About how much was Mr. DeLucia's?

Mr. BERNSTEIN. It was far less. You see, the interest on that at 6 percent per annum would total quite a bit.

The CHAIRMAN. There is one thing I wanted to get straight. There was no publication, no public information given as to the agreement upon the settlement; is that right? That is, it was not published in any newspaper or anything of that sort?

Mr. BERNSTEIN. No, sir. That happened a year before—I don't try my cases in the newspapers.

The CHAIRMAN. I did not know whether it was in some court where some court order would be entered on the settlement of \$96,000 and \$37,000.

Mr. BERNSTEIN. That was entered in the Tax Court as an official public record.

The CHAIRMAN. Would that be published in newspapers?

Mr. BERNSTEIN. Unless you had an alert newspaperman.

The CHAIRMAN. But it was not published?

Mr. BERNSTEIN. No, sir; it was not.

The CHAIRMAN. So the only people who could have known about it would have been you, Mr. and Mrs. DeLucia, and Mr. and Mrs. Campagna, and Mr. Accardo; is that correct?

Mr. BERNSTEIN. Of necessity—I don't know who—I would know of it.

The CHAIRMAN. And they would know of it, of course?

Mr. BERNSTEIN. They should know of it. But I don't see that anybody else would.

The CHAIRMAN. How about Mr. Bulger?

Mr. BERNSTEIN. I didn't discuss it with him. I don't recall discussing it with him at all.

I might have. I don't know. I don't recall. I discussed so many matters with Mr. Bulger. For instance, in that 1943 assessment.

The CHAIRMAN. Did you have anything to do with getting their parole?

Mr. BERNSTEIN. Nothing. I don't know the first method of procedure about it.

The CHAIRMAN. Did you contact some lawyer down in Texas?

Mr. BERNSTEIN. Nobody. I had no contact with it at all.

The CHAIRMAN. Do you meet now with DeLucia and Campagna at Tony Accardo's house?

Mr. BERNSTEIN. Mr. Campagna and Mr. DeLucia at no time have met me at the home of Mr. Accardo, nor has Mr. Accardo to my knowledge—I say this definitely—he never was to their home when I was there.

The CHAIRMAN. Do they come up to the office together, the three of them, to your office?

Mr. BERNSTEIN. No, sir. Mr. Accardo hasn't been in my office for a long time.

The CHAIRMAN. Do you also keep the records now of Campagna?

Mr. BERNSTEIN. No, sir; I do not. They are kept by another auditor, CPA.

The CHAIRMAN. Who keeps his records?

Mr. BERNSTEIN. Bansley and Kiener.

The CHAIRMAN. You don't prepare his income tax now?

Mr. BERNSTEIN. No, sir; I do not.

The CHAIRMAN. Anything else?

Mr. HALLEY. It is a quarter after 12. We have a lot of questions we may want to ask about this tax settlement. I suggest that we ask the witness to come back tomorrow.

The CHAIRMAN. Will you be available where we can call you on the telephone and you can come over?

Mr. BERNSTEIN. Any time, Senator. I don't leave town and take no vacations.

The CHAIRMAN. If you are out somewhere at some court or something——

Mr. BERNSTEIN. My girl will always get hold of me. Just call my office, may I suggest, and I will come over.

The CHAIRMAN. Thank you, Mr. Bernstein.

Mr. BERNSTEIN. May I ask for a copy of this testimony, Senator? I understand it is generally given to those who request it.

Mr. HALLEY. We don't give it. We can lend you a copy to look at, but if you want a copy to keep you have to buy it because we get only two.

Mr. BERNSTEIN. All right; I will pay for it.

Mr. HALLEY. We can lend you one if you want to have one to read.

Mr. BERNSTEIN. No; I will pay for it.

Mr. HALLEY. You can have it, with a clear understanding on the record it is for your own confidential use alone.

Mr. BERNSTEIN. That is the only use I would be interested in.

(Thereupon, at 12:15 p. m., a recess was taken until 2 p. m. of the same day.)

AFTERNOON SESSION

(The committee reconvened at 2 p. m., pursuant to recess.)

The CHAIRMAN. The committee will be in order.

Mrs. Campagna, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. CAMPAGNA. I do.

TESTIMONY OF MRS. CHARLOTTE CAMPAGNA, BERWYN, ILL.

The CHAIRMAN. Mrs. Campagna, we do not want to detain you any longer than is necessary, so I am just going to ask you a few questions. and my friends here may have a few others to ask you.

You understand this is not a court. We are just trying to get the interstate picture of crime.

When were you and Mr. Campagna married?

Mrs. CAMPAGNA. We have been married 31 years.

The CHAIRMAN. That would be about——

Mrs. CAMPAGNA. 1919.

The CHAIRMAN. Mrs. Campagna, the main thing we wanted to ask you about was, when your husband was down at Leavenworth, this tax claim of some big amount, \$200,000 or \$300,000, was made against him. You got in touch with Mr. Bernstein, he has testified here this morning, and that is the reason we have called you.

Then, while your husband was still down there, apparently they agreed on a settlement of the total amount for about \$190,000 for your husband and Mr. DeLucia.

Mr. Bernstein said he had talked over the matter with you and, of course, with your husband and with Mr. DeLucia. He thought Mrs. DeLucia, although she was not much of a businesswoman, knew something about it, too. Also, Mr. Accardo had been down with him on several occasions for the purpose of trying to help get information about what it was all about.

Then there had been some talk about mortgaging or selling the property to pay off the amount after the \$188,000 had been agreed upon. The property was covered with liens and distress warrants and what not.

Then they had 30 to 60 days in which to raise the money. Particularly, along toward the latter part, somebody came in with \$10,000 and gave it to him. Then he thought he got in touch with you, and you said, well, you knew about it, or words to that effect. Anyway, you had some talk with him about it.

What we want to know is who put up this money, and who did you get in touch with about it?

Mrs. CAMPAGNA. I am going to have to stand on my constitutional rights and refuse to answer any of this for fear of incriminating myself. I am sorry I can't help you.

The CHAIRMAN. So you will not tell us anything about who you contacted?

Mrs. CAMPAGNA. That is my answer. I am sorry I can't help you any further than that.

The CHAIRMAN. I do not know of any crime that is involved in a friend or somebody putting up money for a matter of that sort. Of course, you are here without counsel. We will give you a full opportunity of getting counsel.

Mrs. CAMPAGNA. I still stand on my constitutional rights, Senator Kefauver. There is nothing I can tell you.

The CHAIRMAN. Do you have any questions?

I must, as chairman of the committee, direct and order you to answer the questions that I have asked you.

Mrs. CAMPAGNA. I am sorry.

The CHAIRMAN. But you refuse to answer?

Mrs. CAMPAGNA. I refuse to answer any questions.

The CHAIRMAN. You do not refuse to answer any questions?

Mrs. CAMPAGNA. Anything that is going to incriminate me or my husband or anyone concerned in the matter.

Mr. HALLEY. You know you have no right to refuse to answer questions because they may incriminate someone other than yourself?

Mrs. CAMPAGNA. I am sorry; that is my answer.

Mr. HALLEY. Have you consulted counsel?

Mrs. CAMPAGNA. No, sir.

Mr. HALLEY. Do you want an opportunity to consult counsel?

Mrs. CAMPAGNA. If necessary.

Mr. HALLEY. On the basis of your general statement I propose to ask you some questions; and, if you stand on your refusal to answer questions because they may incriminate someone other than yourself, then you will very likely be cited for contempt and subject to imprisonment. Under those circumstances, do you want to consult a lawyer before we go any further?

Mrs. CAMPAGNA. I still stand on my constitutional right.

Mr. HALLEY. I am not asking you that at the moment. I am going to go ahead with the questioning unless you want time to speak to a lawyer and make sure of your answers. I think you should, because I don't think you should go into a thing like this lightly.

Mrs. CAMPAGNA. I will have to consult a lawyer about answering any questions.

Mr. HALLEY. Will you consult a lawyer and be back here by tonight at 8 o'clock?

Mrs. CAMPAGNA. I doubt if I could get anyone that fast.

Mr. HALLEY. I think you can probably find one.

The CHAIRMAN. Or in the morning?

Mrs. CAMPAGNA. I will do my best.

The CHAIRMAN. In other words, we do not want to take any unfair advantage of you. You are here by yourself, and you are a woman, and you are entitled to talk with a lawyer if you want to before we go any further.

Mrs. CAMPAGNA. I think I should have counsel.

The CHAIRMAN. I really think you should have, too.

Mrs. CAMPAGNA. All right. I am to be back here tomorrow morning?

Mr. HALLEY. That will be all right. Say 9 o'clock.

The CHAIRMAN. Is that too early? Do you go down to Indiana?

Mrs. CAMPAGNA. No; we are staying here now since my husband was called in.

The CHAIRMAN. How far out is that?

Mrs. CAMPAGNA. Berwyn; about 15 miles.

The CHAIRMAN. Is 9 o'clock too early?

Mrs. CAMPAGNA. Could you make it 10? It would be much more convenient for me.

The CHAIRMAN. The only trouble is, we might get started with some other witness. Let us say 9:30, and we will try to get to you at 9:30 or 10.

Mrs. CAMPAGNA. All right.

The CHAIRMAN. What is your first name?

Mrs. CAMPAGNA. Charlotte.

The CHAIRMAN. And what is your address?

Mrs. CAMPAGNA. 2927 South Maple Avenue, Berwyn.

The CHAIRMAN. Is that in the city of Chicago?

Mrs. CAMPAGNA. No; it is a suburb of Chicago.

The CHAIRMAN. Very well, Mrs. Campagna. You consult a lawyer and come back in the morning.

Mrs. CAMPAGNA. All right, sir.

The CHAIRMAN. Will you stand up and be sworn, Mr. Spellisy?

Do you solemnly swear the testimony you will give the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SPELLISY. I do.

TESTIMONY OF WILLIAM SPELLISY, MORRIS, ILL., ACCOMPANIED BY RAYMOND E. TRAFELET, ATTORNEY, CHICAGO, ILL.

Mr. ROBINSON. Will you state your full name?

Mr. SPELLISY. William Spellisy.

Mr. ROBINSON. Where do you live?

Mr. SPELLISY. Route 1, Morris, Ill.

The CHAIRMAN. You live where?

Mr. SPELLISY. Route 1, Morris, Ill.

Mr. ROBINSON. What business are you in, Mr. Spellisy?

Mr. SPELLISY. I am in the tavern business; I am in the oil business and the restaurant business.

Mr. ROBINSON. What property do you own?

Mr. SPELLISY. I own the farm I live on, and I own some property in town and in my place of business—I and my partners own that together—some property in town.

Mr. ROBINSON. What is the value of the farm?

Mr. SPELLISY. I paid \$12,300 for it in 1943.

Mr. ROBINSON. What is the value of the other property which you have?

Mr. SPELLISY. The building that I bought in 1948, I paid \$41,000 for. I paid for part of it and borrowed the rest.

Mr. ROBINSON. What building is that?

Mr. SPELLISY. A piece of property on the main street in Morris, on Liberty Street.

Mr. ROBINSON. Business offices?

Mr. SPELLISY. No, there are two store fronts, and four apartments upstairs.

Mr. ROBINSON. Is that where you maintain your tavern?

Mr. SPELLISY. No. That is downtown. The tavern is just out of town, out on the highway, on Route 6.

Mr. ROBINSON. When did you acquire that?

Mr. SPELLISY. The tavern?

Mr. ROBINSON. Yes.

Mr. SPELLISY. We started there just about the end of 1935 or '36. We opened up the way it is there now, about December of 1935, I think.

Mr. ROBINSON. What is the name of the tavern?

Mr. SPELLISY. The Seven Gables.

Mr. ROBINSON. What do you operate in the tavern?

Mr. SPELLISY. I operate—we have food and drinks.

Mr. ROBINSON. What else?

Mr. SPELLISY. Well, there are things—

The CHAIRMAN. Ask direct questions about it, Mr. Robinson.

Mr. ROBINSON. Do you operate a bookmaking establishment in the tavern?

Mr. SPELLISY. I would be glad to answer that, but I may incriminate myself against the State or local officials.

The CHAIRMAN. Mr. Spellisy, you have no right to refuse to answer on the ground that you might incriminate yourself under a State statute. This is a Federal committee, and it is only a Federal law.

Mr. SPELLISY. This is a closed hearing of the committee, only, where it doesn't—I beg your pardon.

Mr. HALLEY. It doesn't matter whether it is closed or open, you just have no right to refuse to answer.

Mr. SPELLISY. Even if I were to incriminate myself with the local people, with the State laws?

Mr. HALLEY. Even if you incriminated yourself under the local law, you still must answer the inquiry of a United States Senate committee.

Mr. SPELLISY. I would be glad to answer anything at all for you people, because—but I have no counsel. I didn't think I needed one. I know that some of these things, if I can get myself in trouble with something with the State of Illinois or the county later on, naturally I don't want to say that. If it stopped here, I would be glad to answer the thing, but I would like to talk to counsel about that, if I have that privilege, if I have that right.

Mr. ROBINSON. Let me ask you one question. Was the Seven Gables raided by the State police?

Mr. SPELLISY. It sure was, on the 26th day of May.

Mr. ROBINSON. And subsequent to that raid, did you give a sworn statement?

Mr. SPELLISY. Not a sworn statement, no.

Mr. ROBINSON. Did you sign a statement?

Mr. SPELLISY. Well, I signed something; if I saw it, I could tell you.

Mr. ROBINSON. Would you look at this document, marked "Statement," which we will mark "Exhibit No. 35," and read that and tell me

whether or not that is a statement that you looked at and signed at one time, or a copy of such a statement?

(Exhibit No. 35 appears in the appendix on p. 1383.)

Mr. SPELLISY. That looks something like it, but I wouldn't be sure. This isn't the one. The fellow asked me a lot of things and wrote this down himself.

Mr. ROBINSON. Did you read it after he wrote it down?

Mr. SPELLISY. I didn't read all of it. I read some of it.

Mr. ROBINSON. You read some of it. Did you sign it?

Mr. SPELLISY. I signed the paper. If I could see that, then——

Mr. ROBINSON. Read it. Is that the copy of the statement?

The CHAIRMAN. Read that and see whether that is correct or not. (Witness reading document to himself.)

Mr. SPELLISY. You see, the reason I couldn't answer this is that this is typewritten here, and I don't know just what some of these lines—I couldn't say for sure.

The CHAIRMAN. You read it, and tell us whether you think it is correct or not.

(Witness reading document.)

Mr. SPELLISY. I think it is, a lot of this. I wouldn't say if there was a line or two put in here, I wouldn't know that. I would say this is on the order of it, but if there is a line or two put in there, I couldn't say that.

Mr. HALLEY. In short, it is substantially correct?

Mr. SPELLISY. Yes.

Mr. ROBINSON. Why did you sign such a statement?

The CHAIRMAN. He stated it was substantially correct.

Mr. ROBINSON. On the basis of the statement, you still refuse to state whether or not you operated a book in the tavern?

Mr. SPELLISY. You see, the only thing, if there is a chance—I mean, you can understand my position. I am just a small-town man. I don't know anything about law. If I had a lawyer here—if I can get myself in trouble, by an answer, with the State or local people later on, then I don't want to answer. I would like to talk to a lawyer on that. You people know if I can or not. I have heard somebody say that this is a closed committee session, and it can't go any farther than that, and that is it, and I can't hurt myself with the local people.

Mr. HALLEY. Who did you give this statement to? For whom did you make this?

Mr. SPELLISY. The fellow who was with the attorney general's office there at Springfield.

Mr. HALLEY. He is the local authority, isn't he?

Mr. SPELLISY. No, he is at Springfield. He is from Springfield.

Mr. HALLEY. Did he promise you he wouldn't tell any of the local authorities?

Mr. SPELLISY. Oh, no.

Mr. HALLEY. If you made the statement, it is made. I don't understand your squeamishness.

You are entitled to counsel. There is no question about that. Is your lawyer here with you?

Mr. SPELLISY. He wasn't when I came in.

The CHAIRMAN. What is your lawyer's name?

Mr. SPELLISY. There was one fellow I tried to get, I think his name is—oh, I can't—I don't even know him that well.

The CHAIRMAN. Mr. Black?

Mr. SPELLISY. No. I was going to get a fellow here in Chicago. It was late. I didn't have time to get anybody that I knew. I was just going to try to get somebody to come over on a couple of these things that might come up like this.

The CHAIRMAN. The point is that you have already made this statement to the law-enforcement authorities of Illinois. That is the man out of the attorney general's office.

Mr. SPELLISY. That is right.

The CHAIRMAN. We are a congressional committee, the purpose of which is not to prosecute. We are not a court. We are just trying to find out what the picture is.

(Mr. Trafelet entered the room.)

The CHAIRMAN. How are you, sir? I am Senator Kefauver.

Mr. TRAFELET. I am glad to know you, sir. I am Raymond Trafelet, 140 North Dearborn Street, Chicago.

The CHAIRMAN. Are you an attorney at law?

Mr. TRAFELET. That is right, sir.

The CHAIRMAN. Do you represent Mr. Spellisy?

Mr. TRAFELET. Is that right, Mr. Spellisy?

Mr. SPELLISY. That is right.

The CHAIRMAN. A question came up, and we are glad you are here, because Mr. Spellisy seems to want to cooperate with us, but he said he thought he should consult with his lawyer. I did not know he had a lawyer when he first came in.

Mr. Robinson was asking Mr. Spellisy about the operation down at Seven Gables. He has here a statement that he has given somebody in the attorney general's office at Springfield, which he said was a substantially correct copy of the statement. He said he would rather have his lawyer here before he answered the question.

We told him, which is the law, that he had no right to refuse to answer a question on the ground that it might incriminate him of a State offense; that this was a Federal committee, and it was only a Federal offense that he might have a right to refuse to answer on.

So if you will advise him.

Mr. TRAFELET. This exhibit 1, Senator, is this submitted on the part of the committee, or on the part of Mr. Spellisy? Where did it originate?

The CHAIRMAN. It was submitted on the part of the committee.

Mr. TRAFELET. I see. It comes from——

Mr. HALLEY. It is a copy of a statement given to the attorney general of the State of Illinois.

Mr. TRAFELET. By whom? By Mr. Spellisy?

Mr. HALLEY. Yes.

Mr. SPELLISY. They asked me if this was it. I read it and I said it looks like the one that I gave him, but I couldn't say that there wasn't a line or two put in there that I didn't know anything about.

The CHAIRMAN. He finally said he was sure it was substantially the statement.

Mr. SPELLISY. That is right.

Mr. HALLEY. The only question is, Mr. Spellisy is a little concerned about saying something that might be incriminating against the local

laws, and we have advised him that he has before this committee no right to refuse to answer such questions. He said he wanted to talk to his lawyer about that; and, of course, he has a perfect right to do so. We are sure you know the law.

Mr. TRAFELET. I presume we do.

I think the Senator is right about incriminating you locally.

Mr. SPELLISY. Can I talk to him just for a minute?

(Discussion off the record.)

Mr. HALLEY. Are you gentlemen ready?

Mr. TRAFELET. If you gentlemen please, if my understanding of the law in this type of hearing is correct, there is immunity placed on the man who comes in here to testify, as far as local prosecution is concerned, under the business of the State enforcement officials.

Mr. HALLEY. There is no immunity at all. He simply must testify.

The CHAIRMAN. You mean he has no privilege against testifying. He cannot refuse to testify as to anything of a local nature.

Mr. TRAFELET. On reasonable ground he believes he may even incriminate himself nationally by testifying.

The CHAIRMAN. What Federal offense?

Mr. TRAFELET. The purpose of this committee, if my belief is correct, is to find out the syndicated crime situation among the States in which the Federal Government can interfere.

Mr. HALLEY. For the purpose of drafting legislation. There is no present legislation to cover syndicated crime between States, as such.

Mr. TRAFELET. Mr. Spellisy wants to cooperate with this committee as a citizen, so he told me there, and the only thing that he fears is if he doesn't have the immunity of this committee and finds himself being prosecuted locally, it would even inhibit his answering as truthfully as he would want to answer. He wishes to be put in a frame of mind to be helpful here.

Mr. HALLEY. That is right. I think we are really not getting to the point. He gave a statement to the attorney general. He came in here saying he wanted to talk, as long as this testimony would never be released. Sooner or later, this testimony will be made public and given to the Senate for its use.

The committee has just no power to keep his testimony secret. But in view of the fact that he has already testified, and in view of the law that we have to send him to jail if he doesn't testify, it seems to me that his best approach is to testify fully and freely, and in effect throw himself on the mercy of those who might have a disposition, locally, to prosecute him.

I suggest he did the same thing here when he gave a statement to the attorney general of the State of Illinois.

The CHAIRMAN. The point is, he has already told the State's attorney the whole works—the attorney general's office—in this statement. Of course, we are not interested in prosecuting Mr. Spellisy or anybody else. That is not our province.

Mr. TRAFELET. As a citizen coming in here, he is willing to cooperate, but he certainly is not going to cooperate to the extent that, in his mind, it is going to mean his being indicted. He wants to cooperate with the Government. In fact, you never had anything to do with interstate crime or syndicated crime or anything of that type?

Mr. SPELLISY. None at all.

Mr. TRAFELET. He still wants to be helpful.

The CHAIRMAN. We are getting along here.

Do you want to tell us the story about this or not, Mr. Spellisy? You have told the State's attorney about it. So if you will just tell us——

Mr. SPELLISY. All right.

The CHAIRMAN. Let us go ahead and see where we get.

Why do we not just let him tell the whole story—what it was all about and what happened?

Mr. SPELLISY. When they came in, you mean? You mean when they came in this day?

The CHAIRMAN. All right, George, you ask him.

Mr. ROBINSON. You do operate a book?

Mr. SPELLISY. That is the same question that I thought might incriminate me, if I answer it, with the local people later on. Just like I say, now, if this is the thing here, then I would be glad to——

The CHAIRMAN. We cannot accept any conditions. We will have either to get on or off here. Seven Gables was your place?

Mr. SPELLISY. Seven Gables.

The CHAIRMAN. Is that the name of your tavern?

Mr. SPELLISY. Yes; that is right.

The CHAIRMAN. Is that the place that was raided?

Mr. SPELLISY. That is the place.

The CHAIRMAN. It was raided on May 26; is that right?

Mr. SPELLISY. May 26—last May; yes, sir.

The CHAIRMAN. What we want to know is just what kind of operation you had there—what you did there. If you want to tell us, all right. If you do not, we will see about the matter further.

Mr. SPELLISY. The people who came in there know what they got that day—the State people.

Mr. TRAFELET. What type of place were you operating there, the Senator wants to know. A restaurant, bar, night club?

Mr. SPELLISY. It is just an ordinary place. We have about a 20-foot bar in the place and some dining-room tables, and a room in the back that they came into that day on the 26th of May.

The CHAIRMAN. Who came in?

Mr. HALLEY. What is in the back room? You have a horse book there, don't you? Isn't this a picture of it, taken by the State police?

Mr. SPELLISY. Yes.

Mr. HALLEY. A man named Black sitting there, with a visor on his head?

Mr. SPELLISY. That is the place.

Mr. HALLEY. That is your place?

Mr. SPELLISY. That is the place.

Mr. HALLEY. It has a lot of charts with "sixth at Belmont," "the seventh at Belmont," and so on.

Mr. SPELLISY. That is the place.

Mr. HALLEY. That is your establishment, the Seven Gables?

Mr. SPELLISY. That is the place; yes, sir.

Mr. HALLEY. In addition to that, you have some slot machines, haven't you, at the Seven Gables, or you had before the raid, eight slot machines?

Mr. SPELLISY. No.

The CHAIRMAN. Look at the pictures there.

Mr. HALLEY. Look at the pictures of the slot machines, and see if you recognize them?

Mr. SPELLISY. This looks like the place, all right. I can't tell from that picture there, no.

Mr. HALLEY. It is silly to be squeamish or coy. He should speak up frankly and be helpful.

Mr. SPELLISY. Just like I told you, if I can get myself in trouble with somebody else later besides this committee—just like you said, I am not afraid of any Federal law that I have violated, because I haven't. I know that.

Mr. HALLEY. If you can get in any more trouble than you could by signing this statement that we have referred to, and having those pictures taken, I don't know what it is. You might just as well be helpful to this committee.

Mr. TRAFELET. Counsel, is that statement dated at all?

Mr. HALLEY. Yes. May 26, 1950. It says [reading]:

The foregoing statement, consisting of three pencil-written pages, was taken at Seven Gables, Morris, Ill., by Assistant Attorney General Baird V. Helfrich, from the admitted owner, Spellisy, on May 26, 1950, immediately after the State police raid on such Seven Gables.

Sitting here, with this statement and with all those pictures in front of you, you are just being silly.

The CHAIRMAN. Suppose you read the statement and ask him if it is correct.

Mr. HALLEY. He already has said it was substantially correct.

Mr. SPELLISY. What I was going to say—I am just talking, because I don't know anything about law or anything—they have that on that particular question, and wouldn't that be enough, Mr. Halley?

Mr. HALLEY. We need your testimony. If you don't want to testify—we haven't got all day—we will just have to go ahead according to the rights of the committee to force your testimony or to proceed against you. You are not a child, and you have counsel here, and you know you have to testify. We have given you a chance to do yourself the good of making a good impression and testifying frankly. If you don't do it, that is your decision. You have wasted enough time.

Mr. SPELLISY. I am just thinking that I might get into something later, beyond this county point.

Mr. TRAFELET. The man has paid his own way up here. He has been subpoenaed. He wants to cooperate with the committee.

Mr. HALLEY. Let him start.

Mr. TRAFELET. He isn't running out on anything, but he has that reservation in his mind which is natural for any citizen to have. He wants to help the committee, that is for sure.

Mr. HALLEY. You told the Attorney General that there was a horse book there, is that correct, at Seven Gables? It is the horse book shown in the pictures?

Mr. SPELLISY. We had the machines there.

Mr. HALLEY. You had a horse book there?

Mr. SPELLISY. Yes. They came in, and it was there.

Mr. HALLEY. You had a crap game there?

Mr. SPELLISY. No.

Mr. HALLEY. It says in this statement [reading] :

Gambling, such as crap game, roulette wheel, and horse book, has been run by the partnership, without any outsiders interested, since opening.

Is that what you told the Attorney General?

Mr. SPELLISY. I said we had run off and on, not since opening, but a little later after that off and on.

Mr. HALLEY. But you did run a crap game then? Did you run roulette there?

Look, Mr. Spellisy, you look like a man who knows what you are doing. If you were ashamed of it, I don't think you would have done it. You apparently did it, and had your reasons for doing it. Why are you ashamed to talk about it now, if you were willing to do it then?

Mr. TRAFELET. He is not ashamed.

Mr. SPELLISY. I am not ashamed. I just told you, sir, I might incriminate myself with the local people.

Mr. HALLEY. You have already done so. Why are you being so squeamish at this point?

The CHAIRMAN. We have Sergeant Murphy outside. Do you think we had better put him on first?

Mr. HALLEY. No.

Now, look. You said that gambling, such as crap game, roulette, and horse book, has been run by the partnership, without any outsiders interested, since opening. Is that correct? If it is not, correct it.

Mr. SPELLISY. I don't know whether that is correct or not, because he was writing and talking a lot of things.

Mr. HALLEY. What is the fact about crap game, roulette, and horse book?

Mr. SPELLISY. Could I answer that?

Mr. TRAFELET. Go ahead and answer, surely.

Mr. SPELLISY. You asked me the reason I said, "No" a while ago about the crap game. You asked me if there was a crap game going on, and I said, "No," which there wasn't.

Mr. HALLEY. Never at any time?

Mr. SPELLISY. No. You asked me if, the day they were there, there was a book, and I said, "No." There is no crap game in the daytime.

Mr. HALLEY. Is there a crap game at night?

Mr. SPELLISY. We have had a crap game at night sometimes.

Mr. HALLEY. Didn't you have it every night from 8 p. m. to 1 a. m. during the entire last year except for 1 or 2 months in 1949?

Mr. SPELLISY. No, sir.

Mr. HALLEY. Why did you say so in the statement to the Attorney General?

Mr. SPELLISY. You said every night, didn't you? That isn't true.

Mr. HALLEY. It says [reading] :

Both crap and roulette allowed at once, and have run since 1936 intermittently, and both games have been open 6 nights per week, 8 p. m. to 1 a. m., daily, for the past year, except for 1 or 2 months in 1949.

Mr. SPELLISY. You said 6 nights a week, and a while ago you said every night, and that is the reason I said "No," sir.

Mr. HALLEY. Six nights a week? Do we have to take this out of you with pliers, or are you going to cooperate?

I am not going to ask any more questions.

Mr. SPELLISY. I was answering the question. You said "every night," and I said "No."

Mr. HALLEY. Tell us what happened. I am not going through this.

Mr. SPELLISY. I wasn't unfair about that. He said "every night," and I said "No."

The CHAIRMAN. Mr. Spellisy, why do you not just tell us about the matter? In the first place, who was the partnership?

Mr. SPELLISY. The partnership is between the fellows on there.

The CHAIRMAN. A. J. Black of Morris, Ill., and James Feeney?

Mr. SPELLISY. That is right.

The CHAIRMAN. And you?

Mr. SPELLISY. Yes.

The CHAIRMAN. Third-each partners?

Mr. SPELLISY. Yes, sir.

The CHAIRMAN. How big a partnership was it? I mean, how much money did you all have?

Mr. SPELLISY. It was just an oral partnership. No amount of money, just go into it and run it together is all.

The CHAIRMAN. How much money did each of you put up to start off the business?

Mr. SPELLISY. I couldn't answer that now. We just got the building. You don't have to have any money there. You just open up the bar; whatever the equipment and staff took. Then you start your bar and restaurant. There is no money after you get the equipment and building together.

The CHAIRMAN. In 1949, was the gross on the horse book about \$200,000?

Mr. SPELLISY. The man who was there, it says per record there. He took it off—

The CHAIRMAN. Do you think that is about what it was?

Mr. SPELLISY. He took it off the records that he picked up the day of the raid. He estimated for the year. I said, "If that is what you want to do, it is all right with me."

The CHAIRMAN. He estimated here about \$97,000 up to date, up to the time of the raid in 1950.

Mr. SPELLISY. That was the play. That is what he was referring to.

The CHAIRMAN. He said the crap and roulette for 1949, the win on it was about \$15,000.

Mr. SPELLISY. Something like that.

The CHAIRMAN. You had three employees on the horse book. Thomas Spellisy, who is a brother?

Mr. SPELLISY. That is right.

The CHAIRMAN. Neuman E-n-g-h?

Mr. SPELLISY. Yes.

The CHAIRMAN. How do you pronounce that?

Mr. SPELLISY. "Eng." E-n-g-h.

The CHAIRMAN. And Frank Black. Is that a brother of A. J. Black?

Mr. SPELLISY. No relation.

The CHAIRMAN. Then on the crap and roulette wheels, you had Dick Close, William Smith, and Wayne Dyson?

Mr. SPELLISY. That is correct.

The CHAIRMAN. "Plus weekend employed Charles Metske and William Spellisy." That is you, is it not?

Mr. SPELLISY. That is right.

The CHAIRMAN. "The manager takes off and on." I suppose you mean you work off and on. Is that what that meant?

Mr. SPELLISY. I don't know what he meant.

The CHAIRMAN. It says, "William Spellisy is in charge of the gaming room." Is that you?

Mr. SPELLISY. That is, William Spellisy is my name; yes, sir.

The CHAIRMAN. Are you in charge of the gaming room?

Mr. SPELLISY. When I was there I was.

The CHAIRMAN. Is this your building?

Mr. SPELLISY. We own the building; yes.

The CHAIRMAN. The partnership or you personally?

Mr. SPELLISY. The three of us own the building.

The CHAIRMAN. What did you pay for the building?

Mr. SPELLISY. I couldn't answer that, Senator, right now.

The CHAIRMAN. About?

Mr. SPELLISY. We had a little bit of a spot there. We built onto it. It was done so long ago I don't know. Not too much money in there. We had a little bit of a frame place, and then we built onto it.

The CHAIRMAN. Would you estimate \$1,000 or \$5,000?

Mr. SPELLISY. I think, building on, it cost us \$6,000 or \$7,000. I don't know just what it was.

The CHAIRMAN (reading):

We have operated slot machines in the barroom since 1936, off and on.

Is that correct?

Mr. SPELLISY. That is correct: off and on.

The CHAIRMAN. Where did you get the slot machines?

Mr. SPELLISY. We bought some of them from Mills.

The CHAIRMAN. Here in Chicago?

Mr. SPELLISY. Here in Chicago, yes; out on the West Side some place.

The CHAIRMAN. Who else did you buy them from?

Mr. SPELLISY. Well, that is the only machines that we handled, Mills.

The CHAIRMAN. How many slot machines did you have? I think it says here [reading]:

The last time we have operated slot machines in the tavern for over the past year, except 2 or 3 months in 1949.

Is that correct?

Mr. SPELLISY. That is somewheres around it.

The CHAIRMAN (reading):

We take in about \$1,200 a month from seven slot machines, and we have approximated—

Mr. SPELLISY. Six slot machines, I think. We have only six slot machines in there.

The CHAIRMAN (reading):

and we have approximated that take each month for the past year.

Is that correct?

Mr. SPELLISY. Is wasn't running all the year, not the past year. There are some months it wasn't running. I don't know how that is there. We weren't running all the time.

The CHAIRMAN (reading) :

We lease out on a percentage basis, 50-percent split, slot machines to other taverns in the vicinity of Morris, Ill., such as Kresse, Nate Sklut and Ben Sklut, and businesses such as Phillips "66" station, Prince Drive-In, Karluffs Filling Station.

Is that correct?

Mr. SPELLISY. Should I answer that?

Mr. TRAFELET. Are those the locations of slot machines?

The CHAIRMAN. Those are the places where I understood he leased them out on a 50-50 basis sometimes, as I understand it.

Mr. TRAFELET. Do you remember whether you did or not, definitely, so you can answer, Mr. Spellisy?

Mr. SPELLISY. We used to operate some machines.

The CHAIRMAN. Were they these same six machines or were they some others?

Mr. SPELLISY. No; those are the ones there.

The CHAIRMAN. You mean the six that you had you leased out sometimes or did you have others?

Mr. SPELLISY. Others.

Mr. HALLEY. How many altogether did you have?

The CHAIRMAN. You have 23 slot machines. That is what you say here, and you repair them there yourself?

Mr. SPELLISY. Yes.

The CHAIRMAN. Don Black, the son of A. J. Black, is the service and repairman for your slot machines; is that correct?

Mr. SPELLISY. Yes; he works around there.

The CHAIRMAN. But he is not there now; is that right?

Mr. SPELLISY. No.

The CHAIRMAN. You value the new Mills slot machines at over \$200 each and about \$250 each. Is that about the value of them?

Mr. SPELLISY. That is about the price of them—around that neighborhood; yes.

The CHAIRMAN. After this raid, did you close up then?

Mr. SPELLISY. Oh, yes.

The CHAIRMAN. They carried everything out?

Mr. SPELLISY. They carried everything out.

The CHAIRMAN. You do not operate any part of it now?

Mr. SPELLISY. It is closed. It is all closed. I don't operate any of it. I operate the bar and the food part of it.

Mr. ROBINSON. The Senator's question is, Did you operate after the first raid in the handbook?

Mr. SPELLISY. No. We are running the bar and the food part, is all. The other part is closed.

Mr. TRAFELET. You have other business there?

Mr. SPELLISY. Yes.

The CHAIRMAN. Did you operate any at all the handbook and the gambling after the raid—after the first raid on May 26?

Mr. SPELLISY. There may have been a game or two around there, but we operated very little, if any, very little.

The CHAIRMAN. You think you operated a crap game a time or two afterward?

Mr. SPELLISY. I think a couple of times. I have been away quite a bit since then.

The CHAIRMAN. How about the horse book? Did you operate that afterwards?

Mr. SPELLISY. I don't think that has operated any since the closing. I am not sure of that, because I have been out of town a lot. I have been away. I don't work around the book, anyway. I don't put any time around there. I have been down south.

The CHAIRMAN. Do you mean down to Tennessee, or Florida?

Mr. SPELLISY. No. I went through the edge of Tennessee. I was down in Louisiana.

The CHAIRMAN. Where did you go down there?

Mr. SPELLISY. Shreveport.

The CHAIRMAN. You said you were in the oil business?

Mr. SPELLISY. Yes.

The CHAIRMAN. What oil business? Service stations?

Mr. SPELLISY. No. I am one of those guys who like to fool around digging a wildcat well.

The CHAIRMAN. Have you hit any wells?

Mr. SPELLISY. Oh, yes.

The CHAIRMAN. Where?

Mr. SPELLISY. In Louisiana and Illinois.

The CHAIRMAN. Have you made a lot of money out of it?

Mr. SPELLISY. I am getting checks every month. I have some in my pocket that I got in just as I was leaving home.

The CHAIRMAN. I saw your lawyer smile when you said you had some money in your pocket.

What was that first business you said you were in, besides the oil business? You said some other business. I did not understand what it was. You are in the oil business, and the tavern business. What else?

Mr. SPELLISY. I said oil and tavern. I don't know. I said I had some rental property I rent, some apartments, and things.

The CHAIRMAN. How long did you operate this Seven Gables; since 1935?

Mr. SPELLISY. It was 1936. It was right at the end of 1935. Since 1936, you would say, off and on.

The CHAIRMAN. Since 1936?

Mr. SPELLISY. Yes.

The CHAIRMAN. Did you ever have a raid before this? That is, did they ever come in and take your stuff out?

Mr. SPELLISY. I don't believe so. I can't remember.

The CHAIRMAN. Is this right in town, or is it out from town?

Mr. SPELLISY. No, we are just out at the edge of our little town there.

The CHAIRMAN. Outside of the corporate limits?

Mr. SPELLISY. Yes; just over the line.

The CHAIRMAN. What county is this in?

Mr. SPELLISY. Grundy.

Mr. ROBINSON. How do you handle your slot-machine operations? I understand you do your own repairs there, and have a man to repair them; is that right?

Mr. SPELLISY. When there is a little repair work to do.

Mr. ROBINSON. You buy them from the Mills Co.?

Mr. SPELLISY. That is right.

Mr. ROBINSON. Do you have any other source from which you get them?

Mr. SPELLISY. No. We bought all of those from the Mills.

Mr. ROBINSON. Direct from the Mills Co.?

Mr. SPELLISY. Well, yes; direct from the Mills.

Mr. ROBINSON. Where else would you get them?

Mr. SPELLISY. I think they might have a sales end of it connected with them, or something; right from Mills I get. They have some kind of sales separate from the outfit. I am not sure.

Mr. ROBINSON. Did you ever buy any from a distributor of Mills?

Mr. SPELLISY. I think we bought them from Bell-O-Matic. Is this a distributor of Mills or part of Mills?

Mr. ROBINSON. Is that the one you bought it from?

Mr. SPELLISY. Yes. I was trying to think whether they are hooked up or whether it is a separate outfit.

Mr. ROBINSON. You lease some of these or rent them out to other people?

Mr. SPELLISY. Yes, sir.

Mr. ROBINSON. What is the return you get on all of those? What is the arrangement or the terms? Is it a 60-40 basis?

Mr. SPELLISY. Fifty-fifty.

Mr. ROBINSON. You do the repairs?

Mr. SPELLISY. That is right.

Mr. ROBINSON. Do you know Eddie Vogel?

Mr. SPELLISY. Vogel? No, sir.

Mr. ROBINSON. Never heard of him?

Mr. SPELLISY. No; I don't know Vogel. There is no Vogel down our way.

Mr. ROBINSON. Do you know an Eddie Vogel from Chicago?

Mr. SPELLISY. No, sir.

Mr. ROBINSON. You never heard of him and never met him?

Mr. SPELLISY. Never met the gentleman.

Mr. ROBINSON. Who is the sheriff in Grundy County?

Mr. SPELLISY. His name is Henrietta.

Mr. ROBINSON. Do you know him?

Mr. SPELLISY. Yes.

Mr. ROBINSON. How long have you known him?

Mr. SPELLISY. I wouldn't know that. I just don't know. You know how you meet people around the town. I wouldn't say I know him well. You know everybody in a town of just 6,000 people.

Mr. ROBINSON. Has he been in your place?

Mr. SPELLISY. I have never seen him there.

Mr. ROBINSON. Do you know whether he has ever been there?

Mr. SPELLISY. No, I don't.

Mr. ROBINSON. You are outside the municipal limits?

Mr. SPELLISY. That is right.

Mr. ROBINSON. You have been in operation since 1935 or 1936?

Mr. SPELLISY. Since 1936.

Mr. ROBINSON. And the May raid was the first raid you ever had?

Mr. SPELLISY. That is right.

Mr. ROBINSON. You never paid anything to the sheriff for protection?

Mr. SPELLISY. No, sir.

Mr. ROBINSON. Did you every pay anything to any police officer?

Mr. SPELLISY. No, sir.

Mr. ROBINSON. How do you account for the fact that you have operated a hand book and gambling for that period of time without having been raided?

Mr. SPELLISY. I can't account for it. I don't know. It just run.

Mr. ROBINSON. Isn't it pretty well known in that area as to what type of operation you have there?

Mr. SPELLISY. I don't know whether it is or not.

Mr. ROBINSON. How many people come into your place?

Mr. SPELLISY. I couldn't answer that. I wouldn't know.

Mr. ROBINSON. Generally?

Mr. SPELLISY. Some days there are just half a dozen.

Mr. ROBINSON. What is the largest number you have ever had in there?

Mr. SPELLISY. What is that?

Mr. ROBINSON. What is the largest number you have ever had in your place?

Mr. SPELLISY. I couldn't answer that.

Mr. ROBINSON. Is it 5,000 or 40?

The CHAIRMAN. Approximately.

Mr. SPELLISY. It would be a lot closer to 20 or 30 than 5,000, because 5,000 is a whole town.

Mr. ROBINSON. That is what I want to know.

Mr. TRAFELET. That would be the top at any given time?

Mr. SPELLISY. It is a small place. We can't take care of many people. It is just a small place.

Mr. ROBINSON. Do you have a broadcasting system in your place?

Mr. SPELLISY. Broadcasting system?

Mr. ROBINSON. I mean for the races, for the book.

Mr. SPELLISY. We have a speaker, if that is what you mean, a loudspeaker.

Mr. ROBINSON. Where do you get your service?

Mr. SPELLISY. We get the service from, I think, the Midwest News, or something like that.

Mr. ROBINSON. Have you always been getting it from Midwest?

Mr. SPELLISY. As far as I know.

Mr. ROBINSON. Who makes the arrangements with Midwest? It is your business. You make the arrangements yourself?

Mr. SPELLISY. No. You see, I don't do anything around the book at all.

Mr. ROBERTSON. How much do you pay for the service?

Mr. SPELLISY. It changes in price. I think it is \$108 a week now. I am not sure. Some of the help there sends it in. I am pretty sure it is \$108 a week.

Mr. ROBINSON. Has it been less or more than that at any time?

Mr. SPELLISY. It has been less, but never any more.

Mr. ROBINSON. Why would it be less?

Mr. SPELLISY. I thought at one time it was just below \$100. I think it was just below \$100 at one time, and then it went to \$108.

Mr. ROBINSON. Didn't you ever talk to anyone in Midwest about the—

Mr. SPELLISY. No; I never have.

Mr. ROBINSON. One of your men talked to somebody in Midwest?

Mr. SPELLISY. No, not that I know of.

Mr. ROBINSON. How did you get the wire service? How did you make arrangements for it?

Mr. SPELLISY. That is what I can't recall right now. I don't know. I just don't know how it happened back in those years, just who was contacted or how it was done.

Mr. ROBINSON. Do you pay by check?

Mr. SPELLISY. No. We just send a money order over there.

Mr. ROBINSON. Made out to Midwest?

Mr. SPELLISY. I don't send it in, so I imagine they make——

Mr. ROBINSON. Who runs your handbook for you?

Mr. SPELLISY. The names are there.

Mr. ROBINSON. You tell me.

Mr. SPELLISY. Yes. My brother was in there.

Mr. ROBINSON. Does he run it? Is he manager of the handbook?

Mr. SPELLISY. He is kind of in charge. He runs it.

Mr. ROBINSON. He is the one in charge? That is what I am asking.

Mr. SPELLISY. Anybody who happened to be working there is in charge, whether it be he or someone else. It is just a small place. If there is somebody else there, he is in charge.

Mr. ROBINSON. Who else works in the handbook?

Mr. SPELLISY. He did work in it. Just those three names.

Mr. ROBINSON. You name them.

Mr. SPELLISY. There was Neuman Engh, and Frank Black.

Mr. ROBINSON. Who is Frank Black?

Mr. SPELLISY. He is an old man who lives in town there.

Mr. ROBINSON. Has he worked for you ever since you have had the book?

Mr. SPELLISY. No.

Mr. ROBINSON. How long has he worked for you?

Mr. SPELLISY. Not too long, a few months.

Mr. ROBINSON. Do you know any of his sons?

Mr. SPELLISY. Yes.

Mr. ROBINSON. Who are his sons? Eddie Black? Is that his son?

Mr. SPELLISY. Yes.

Mr. ROBINSON. What does he do?

Mr. SPELLISY. I don't know what he is doing now.

Mr. ROBINSON. He runs a hand book, doesn't he? You know that?

Mr. SPELLISY. Well——

Mr. ROBINSON. Does he or doesn't he? You know that.

Mr. TRAFELET. Aren't we deviating from the purpose and intent of this committee?

The CHAIRMAN. No, I think it is a proper question.

Mr. TRAFELET. It sounds like a grand jury investigation, not a committee investigation to tie up syndicated gambling throughout the country.

The CHAIRMAN. Of course, you do not know what we may have in other places.

Mr. TRAFELET. That is where we are at a loss. We usually deal with issues, and here we are confused. I thought the intent and purpose was to hook up syndicated gambling, and a citizen comes in under a subpoena and he pays his own transportation, and wants to help, and he is indicting himself locally.

The CHAIRMAN. He has not testified to anything he has not put in this statement, yet. This is what the State's attorney has. I have been following the statement, and everything he has answered has been in the statement pretty well.

Mr. TRAFELET. Even though that may be so, don't you think, on the other hand——

The CHAIRMAN. Let us get on with any questions you have

Mr. ROBINSON. Do you know August B. Black?

Mr. SPELLISY. I know an August Black.

The CHAIRMAN. Is that A. J. Black?

Mr. ROBINSON. August B. Black, the son of Frank Black.

Mr. SPELLISY. Yes, I know him.

Mr. ROBINSON. The State's attorney?

Mr. SPELLISY. Yes, I know August Black.

Mr. ROBINSON. You know who he is, and you know his father works in your bookmaking place?

Mr. SPELLISY. Yes.

Mr. ROBINSON. He is no relation to Abe Black, is that correct?

Mr. SPELLISY. None.

Mr. ROBINSON. Do you make any contributions to the State's attorney?

Mr. SPELLISY. No, sir.

Mr. ROBINSON. No political contributions?

Mr. SPELLISY. No, sir.

Mr. ROBINSON. Do you make any political contributions to the sheriff?

Mr. SPELLISY. No, sir.

Mr. ROBINSON. You make no political contributions at all?

Mr. SPELLISY. No, sir.

Mr. ROBINSON. Never have?

Mr. SPELLISY. Never have.

The CHAIRMAN. Did you ever hold any office or run for any office?

Mr. SPELLISY. Me?

The CHAIRMAN. Yes.

Mr. SPELLISY. No, sir. No, I am no politician.

Mr. HALLEY. Do you recognize this sheet of paper?

(Witness examining paper.)

Mr. HALLEY. I gave you a photostatic copy of a sheet of paper with some figures on it.

Mr. TRAFELET. Is that in your handwriting?

Mr. SPELLISY. No. I don't know what this is.

Mr. HALLEY. Is that your handwriting?

Mr. SPELLISY. No, sir. Wait a minute.

Mr. HALLEY. These were taken at your establishment.

The CHAIRMAN. Here is another one.

Mr. SPELLISY. You see, a photostat is a lot different.

The CHAIRMAN. A photostat is just a picture of something.

Mr. HALLEY. Whose handwriting is that?

Mr. SPELLISY. I don't know whose handwriting that is.

Mr. HALLEY. Are the figures accurate? Is it true that in the first week of May, from the crap game, the wheel, the roulette, and the book, you made \$859; and in the second week you made \$1,057; and the third week, \$2,307.15?

Mr. TRAFELET. You don't expect this man to remember that?

Mr. SPELLISY. This is figures, I don't know anything about that.

Mr. HALLEY. Are they approximately the money that you made in the month of May? This was just before the raid.

Mr. SPELLISY. This is new. I don't know anything about this here. I don't know whose writing that is.

Mr. HALLEY. What was your average weekly take in that place?

Mr. SPELLISY. It was very small. I am trying to figure this in connection with me. This here, I don't know anything about.

Mr. HALLEY. What do you mean, it was very small? What was the average weekly take from the gambling?

The CHAIRMAN. He says here it was about \$200,000 a year from the book—52 weeks in a year.

Mr. HALLEY. That would be about \$4,000 a week.

The CHAIRMAN. Would it be that high, you think?

Mr. SPELLISY. He just took a book that he picked up, and took all the figures off there of the handle, that goes in. They don't figure anything else, just what goes in. Then he figured it up and roughly figured it for the year past, just off that figure he had for those months. I said, "If that is what you want to do, go ahead."

The CHAIRMAN. He said it grossed. I take it that is the amount that you took in, and then you had to pay some expenses for help and lights and water and things of that sort, I guess.

Mr. SPELLISY. You have to pay everything else out, all the tickets, and then the come-out is off that, of course.

Mr. HALLEY. How many employees did you have there?

Mr. SPELLISY. Well, the fellows there. We had them three fellows and three or four other fellows during the evening.

Mr. HALLEY. Seven people?

Mr. SPELLISY. Something like that; yes.

Mr. HALLEY. Did they all work on the gambling or is that in addition to your bartenders and waiters and whoever else you had?

Mr. SPELLISY. Yes; that was in addition.

Mr. HALLEY. You had seven people working on the gambling?

Mr. SPELLISY. That is when they were all working; yes.

Mr. TRAFELET. Is that every day in the week?

Mr. SPELLISY. No.

Mr. TRAFELET. How many do you usually have during the week-days?

Mr. SPELLISY. Sometimes three in the afternoon on the book and sometimes two or three at night.

The CHAIRMAN. Anything else?

Mr. ROBINSON. Do you have any interest in Eddie Black's business?

Mr. SPELLISY. No.

Mr. ROBINSON. None whatsoever?

Mr. SPELLISY. No.

Mr. ROBINSON. Where do you buy your gambling equipment?

Mr. SPELLISY. From O'Neill. I bought from O'Neill's.

Mr. ROBINSON. Who is he?

Mr. SPELLISY. He is somebody who sells that kind of equipment.

Mr. ROBINSON. Do you know what company he is with?

Mr. SPELLISY. The O'Neill Co.

Mr. ROBINSON. Where are they located?

Mr. SPELLISY. In Chicago.

Mr. ROBINSON. Do you know whether he is connected with Taylor & Co.?

Mr. SPELLISY. I wouldn't know that. I don't know who he is connected with.

Mr. ROBINSON. You have had no business, so far as you know, with the Taylor Manufacturing Co. or Taylor & Co.?

Mr. SPELLISY. No. I buy from a fellow named O'Neill, O'Neill & Co.

Mr. ROBINSON. Did you make the purchase yourself personally?

Mr. SPELLISY. Yes; I made the purchases from O'Neill.

Mr. ROBINSON. Is this the equipment that you bought from him? (Witness examining photograph.)

Mr. TRAFELET. Do you remember whether you bought that equipment from him?

Mr. SPELLISY. Not this. I don't know who I bought this off of, it has been so long ago.

Mr. ROBINSON. How long have you had it?

Mr. SPELLISY. I wouldn't know now. I bought some equipment from O'Neill.

Mr. ROBINSON. You don't recall where you bought that table?

Mr. SPELLISY. I can't recall where this table came from.

Mr. ROBINSON. Did you ever hear of Taylor & Co.?

Mr. SPELLISY. I have heard the name, but I don't know what they sell. I have heard of some Taylor, but I never bought any stuff from Taylor.

Mr. ROBINSON. Did O'Neill represent himself as being the owner of his own business in the manufacture of dice and gambling—

Mr. SPELLISY. That is O'Neill & Co. It is O'Neill Co. That is a company, O'Neill Co.

Mr. ROBINSON. He never mentioned anything else except that it was O'Neill Co. when he sold equipment to you?

Mr. SPELLISY. That is right.

Mr. ROBINSON. Do you attach any significance to the fact that you weren't raided because the father of the State's attorney was working in your place?

Mr. SPELLISY. No.

Mr. ROBINSON. Has the State's attorney been in your establishment?

Mr. SPELLISY. Never that I know of.

Mr. ROBINSON. That is all I have.

The CHAIRMAN. Anything else?

Mr. HALLEY. No, sir.

The CHAIRMAN. That is all, Mr. Spellisy. Thank you very much, Counsel.

Mr. TRAFELET. I tried to interfere as much as I could, but didn't do much good.

The CHAIRMAN. How long have you been practicing law?

Mr. TRAFELET. Seventeen years, sixteen years.

The CHAIRMAN. All right; thank you, sir.

Do you solemnly swear the testimony you will give the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Sergeant MURPHY. Yes, sir.

TESTIMONY OF ELDEN MURPHY, SERGEANT, ILLINOIS STATE
POLICE, DISTRICT NO. 6, PONTIAC, ILL.

Mr. ROBINSON. Will you state your full name, Sergeant, and your position?

Sergeant MURPHY. Elden Murphy, sergeant of the Illinois State police, Pontiac, Ill., district 6.

Mr. ROBINSON. Sergeant, will you state, as briefly as you can, what the circumstances were and what your connection was with this raid on the Seven Gables Club in May of 1950?

Sergeant MURPHY. In May of 1950 I was detailed to Grundy County, Morris, Ill., in charge of 12 men in plain clothes, to go to the establishment by the name of Seven Gables located at Morris, Ill., which we did, and at 3:15 in the afternoon when we assembled there and raided the establishment for a bookie and slot machine——

Mr. ROBINSON. Was that crap table operating?

Sergeant MURPHY. It was up but not operating.

Mr. ROBINSON. Was the roulette wheel operating?

Sergeant MURPHY. It was up but not in operation.

Mr. ROBINSON. Go ahead.

Sergeant MURPHY. The bookie was in operation. It was in the act of announcing a race as we entered the building.

There were only two patrons there. There were three employees, and that is about all the people who were in there except the people in the barroom.

Mr. ROBINSON. You took pictures of the place?

Sergeant MURPHY. There were photographers there who took pictures; yes, sir.

Mr. ROBINSON. Who was the sheriff of the county?

Sergeant MURPHY. The sheriff I am not acquainted with. I can't call his name. I would know it if I heard it.

The CHAIRMAN. What was his name?

Sergeant MURPHY. Henrietta; that is correct.

Mr. ROBINSON. This place was in his jurisdiction, was it not?

Sergeant MURPHY. That was in Grundy County; yes, sir; his jurisdiction.

Mr. ROBINSON. It was normally his job to enforce the gambling laws in that county?

Sergeant MURPHY. That is correct, sir.

Mr. HALLEY. Was this place wide open so that anybody could walk in and see the gambling?

Sergeant MURPHY. It was; yes, sir; wide open.

Mr. HALLEY. You had no trouble finding it?

Sergeant MURPHY. We had not a bit of trouble entering. We entered and looked directly through into the casino. There was a loudspeaker in operation there announcing a race.

Mr. HALLEY. How many people would you say the casino could accommodate?

Sergeant MURPHY. Comfortably, 15 or 20. It was just a small room.

The CHAIRMAN. What is the sheriff's first name? Have you got it there?

Mr. HALLEY. Do you know the sheriff's first name?

Sergeant MURPHY. Henrietta is his last name. I don't know his first name. I am not acquainted with him at all. In fact, I have never met him.

Mr. HALLEY. Did you take a statement from the owner of the premises on the occasion of the raid?

Sergeant MURPHY. I did not.

Mr. HALLEY. Who did?

Sergeant MURPHY. Capt. Herman Nowf.

Mr. HALLEY. Is he here now?

Sergeant MURPHY. No, sir.

Mr. HALLEY. You saw the statement being taken?

Sergeant MURPHY. I saw Mr. Spellisy giving that statement to Mr. Nowf and to the assistant attorney general.

Mr. HALLEY. He gave it voluntarily?

Sergeant MURPHY. Yes, sir.

Mr. HALLEY. In response to questioning?

Sergeant MURPHY. I presume he did, because he was very free to talk. In passing the booth they were sitting in, there were no arguments or anything like that. He asked him the questions, and the man readily answered. He cooperated very good with us.

The CHAIRMAN. Let us let him identify all these pictures.

Mr. ROBINSON. Will you identify these pictures as being the ones taken by the photographer at the time of the raid, and also that group of notes and figures?

Sergeant MURPHY. That is Mr. Black sitting on the table, the father of the State's attorney.

This picture here is myself in plain clothes and another officer, I don't know his name, taking a slot machine off one of the steel bases.

The CHAIRMAN. The first picture, with Mr. Black sitting on the machine, is photograph No. 1. You in plain clothes is No. 2.

Sergeant MURPHY. That is the assistant attorney general talking to Mr. Spellisy.

The CHAIRMAN. That is photograph No. 3.

Sergeant MURPHY. This is the cashier's cage, and that happens to be my arm right there.

The CHAIRMAN. That is photograph No. 4.

Sergeant MURPHY. Here is another picture of myself.

The CHAIRMAN. No. 5.

Sergeant MURPHY. This is the crap table that was up but not in operation.

The CHAIRMAN. Photograph No. 6.

Sergeant MURPHY. That is the same table being loaded into a truck.

The CHAIRMAN. That will be No. 7.

Sergeant MURPHY. This is a picture of Captain Nowf there, who was in charge of the raiding party.

The CHAIRMAN. That will be No. 8.

Sergeant MURPHY. These are the slot machines that were taken from the supply room, brought out into the main casino, and numbered.

The CHAIRMAN. That is photograph No. 9.

Sergeant MURPHY. This is the same machine.

The CHAIRMAN. Photograph 10.

Sergeant MURPHY. Another picture of Captain Nowf.

The CHAIRMAN. Photograph 11.

Sergeant MURPHY. Officer tagging the machines that were brought out of the storeroom.

The CHAIRMAN. That will be No. 12.

Sergeant MURPHY. These two pictures here are the front part of the building, the tavern part.

The CHAIRMAN. Photograph 13 and 14.

Sergeant MURPHY. This picture shows the loading of the machines into a truck.

The CHAIRMAN. Photograph 15.

(The 15 photographs referred to are identified as exhibit No. 36, and are on file with the committee.)

Sergeant MURPHY. These are some of the forms which were back in the cashier's cage which I saw, but what they represent I couldn't say.

The CHAIRMAN. We will make this group of photostats of a lot of figures exhibit No. 37, as one exhibit.

(The photostats referred to are identified as exhibit No. 37, and are on file with the committee.)

The CHAIRMAN. Any other questions?

Mr. ROBINSON. Sergeant, did you conduct a raid on the Hyde Park Club?

Sergeant MURPHY. I was in charge of a group of plain-clothes men who assisted in the raid.

Mr. ROBINSON. Would you briefly describe that?

First let me ask, How large an establishment was that compared with the Seven Gables?

Sergeant MURPHY. That was a much larger concern than the Seven Gables. In fact, there were 450 patrons in there the day of the raid.

Mr. ROBINSON. What was the date of the raid?

Sergeant MURPHY. May 12, 1950.

Mr. ROBINSON. Is that now closed down?

Sergeant MURPHY. As far as I know, it is.

Mr. ROBINSON. Have you had any intimation that it is operating again?

Sergeant MURPHY. I have heard that they were now running a small bookie at Carlinville, Ill., the same outfit.

Mr. ROBINSON. Who were the owners or partners in that establishment?

Sergeant MURPHY. Gregory Moore, Louis Calcaterra——

The CHAIRMAN. Spell that.

Sergeant MURPHY. C-a-l- —you've got me. That is a bad name.

Mr. ROBINSON. Who was the other partner?

Sergeant MURPHY. A gentleman by the name of Connors. I don't know his first name.

Mr. ROBINSON. Do you know where they were from?

Sergeant MURPHY. East St. Louis and Venice.

Mr. ROBINSON. How many slot machines did they have?

Sergeant MURPHY. There were no slot machines in that raid. It was strictly a book joint, a bookie.

The CHAIRMAN. No roulette or craps?

Sergeant MURPHY. There were blackjack tables taken.

Mr. ROBINSON. Did you happen to notice whether the tables had any indication of who manufactured them?

Sergeant MURPHY. No, sir. I believe that there were either three or four blackjack tables in operation at the time of the raid.

Mr. ROBINSON. How many other gambling pieces did they have there?

Sergeant MURPHY. They got a crap table on the second floor, and I wasn't on the second floor. I was in the main bookie, down in the main casino on the main floor.

Mr. ROBINSON. Do you know Eddie Black?

Sergeant MURPHY. No, sir.

Mr. ROBINSON. Do you know a Wendell Derst?

Sergeant MURPHY. No, sir.

Mr. ROBINSON. That is all.

The CHAIRMAN. Anything else?

Did you get any slot machines at Hyde Park?

Sergeant MURPHY. No. There was no slot machines at the Hyde Park. It was strickly a book.

The CHAIRMAN. That is at Venice, Ill.

Sergeant MURPHY. Venice, Ill.

The CHAIRMAN. Did you find out where they got their wire information, wire service, from?

Sergeant MURPHY. It was Western Union.

The CHAIRMAN. Is that the Midwest, do you know?

Sergeant MURPHY. That I couldn't say, sir. Any of the statement, I didn't take. Baird Helfrich took all the statements.

The CHAIRMAN. Were you in charge of the Hyde Park raid?

Sergeant MURPHY. I was in charge of the plain-clothes men, the officers in plain clothes, at Hyde Park. Our duty was to enter the Hyde Park at a given hour and station ourselves at all different places in the room so when the uniformed men came in to effect the raid we were there to cover it.

The CHAIRMAN. Did you have the sheriff with you when you made this Hyde Park raid?

Sergeant MURPHY. No, sir.

The CHAIRMAN. Did you talk with him before?

Sergeant MURPHY. No, sir.

The CHAIRMAN. Do you know how long the Hyde Park had been running?

Sergeant MURPHY. No; I do not.

The CHAIRMAN. That is all, Sergeant.

Mr. ROBINSON. How much cash did you pick up at Hyde Park?

Sergeant MURPHY. Approximately \$26,000.

Mr. ROBINSON. Did you have a chance to examine their books during the course of the raid or after the raid?

Sergeant MURPHY. No, sir; I did not.

Mr. ROBINSON. Do you recall what the gross of the establishment was?

Sergeant MURPHY. No, sir. I had no opportunity for that.

The CHAIRMAN. How much cash did you pick up at Seven Gables?

Sergeant MURPHY. If I recall, it was around \$1,000 or \$1,200.

Mr. ROBINSON. Did you also raid the 200 Club?

Sergeant MURPHY. No, sir. That was on the same date and the same hour, but another group of officers raided the 200 Club.

The CHAIRMAN. Where was that?

Sergeant MURPHY. In Madison, Ill.

Mr. ROBINSON. How many raids in all were conducted on that day, Sergeant?

Sergeant MURPHY. Two, sir.

Mr. ROBINSON. Were there others in and around that time?

Sergeant MURPHY. Just one at Venice, and one—two establishments on the same day.

Mr. ROBINSON. They were conducted at the direction of the Governor?

Sergeant MURPHY. Well, it was under direction from us. As far as I know, it was from the superintendent of police, Harry I. Curtis.

Mr. ROBINSON. He is directly under the Governor?

Sergeant MURPHY. That is correct, sir.

The CHAIRMAN. What is your superintendent's name?

Sergeant MURPHY. Harry I. Curtis.

The CHAIRMAN. What is Mr. Curtis' title?

Sergeant MURPHY. Superintendent of the Illinois State police, 1100 Fifth South Street, Springfield, Ill.

Mr. ROBINSON. I might mention, Mr. Chairman, we have had very splendid cooperation from the State police.

The CHAIRMAN. We appreciate it very much, and we hope you will tell Mr. Curtis how grateful we are for that.

Sergeant MURPHY. Thank you, sir.

The CHAIRMAN. Mr. Black, do you solemnly swear the testimony you will give the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BLACK. Yes, sir.

The CHAIRMAN. All right, gentlemen.

TESTIMONY OF ABRAHAM J. BLACK, MORRIS, ILL., ACCOMPANIED BY RAYMOND E. TRAFELET, ATTORNEY, CHICAGO, ILL.

Mr. ROBINSON. Will you state your full name, please?

Mr. BLACK. Abraham J. Black.

Mr. ROBINSON. Where do you live?

Mr. BLACK. Morris, Ill.

Mr. ROBINSON. You are a partner of Mr. Spellis?

Mr. BLACK. Yes, sir.

Mr. ROBINSON. Do you have any connection with making arrangements for the wire service at the bookmaking place?

Mr. BLACK. Do I have any?

Mr. ROBINSON. Yes.

Mr. BLACK. No, sir.

Mr. ROBINSON. You don't make that arrangement yourself for wire service?

Mr. BLACK. I don't make that arrangement. There is no arrangement made, to answer the question. Just simply a letter comes every week, of the amount due Midwest.

Mr. ROBINSON. The arrangement has always been in existence since you have been there?

Mr. BLACK. That is right, sir.

Mr. ROBINSON. You didn't make the original arrangement yourself?

Mr. BLACK. No, sir.

Mr. ROBINSON. Do you handle the purchase of gambling equipment?

The CHAIRMAN. Wait a minute.

While we are on the wire service, Midwest, who made the original arrangement to put it in?

Mr. BLACK. That, being honest, I can't answer that. It probably has been in there about 10 years. I don't recall exactly who it was.

The CHAIRMAN. Were you there when it came in, when it was first put in?

Mr. BLACK. Yes; I was.

The CHAIRMAN. What is this letter that comes every week?

Mr. BLACK. Just a letter with the amount, weekly amount for the ticker, which is \$108.

The CHAIRMAN. Has it been the same all the time?

Mr. BLACK. Yes, sir, Midwest.

The CHAIRMAN. How is that agreed on, that \$108?

Mr. BLACK. How is it agreed on?

The CHAIRMAN. Yes.

Mr. BLACK. Well, that is just the stipulated price from the start.

The CHAIRMAN. If your business went way up, would you pay more?

Mr. BLACK. No, sir; I have never paid more.

The CHAIRMAN. Does the Midwest man come down and service the wire?

Mr. BLACK. No; a Western Union man. I don't know his name. He comes down in a truck. If the service goes out of order, you notify the Western Union, and a man comes down, a service man.

The CHAIRMAN. It has gone out of order, and the Western Union man has come down?

Mr. BLACK. That is right.

Mr. ROBINSON. Are you any relation to Eddie Black?

Mr. BLACK. No, sir.

Mr. ROBINSON. Do you know him?

Mr. BLACK. Yes, sir.

Mr. ROBINSON. What business is he in?

Mr. BLACK. That I don't know. He has an establishment on Washington Street.

Mr. ROBINSON. Does he run a handbook?

Mr. BLACK. Not to my knowledge. He runs a poker game. There are poker games in there. There is a book in there but I don't think he runs it. That is the best answer I can give you on that.

Mr. ROBINSON. Are you any relation to Frank Black?

Mr. BLACK. No, sir.

Mr. ROBINSON. Or August Black?

Mr. BLACK. No, sir. They are German, and I am Scotch.

Mr. ROBINSON. Do you know Wendell Derst?

Mr. BLACK. I knew him.

Mr. ROBINSON. How long did you know him?

Mr. BLACK. Possibly 10 years or so.

Mr. ROBINSON. What business was he in?

Mr. BLACK. Banker, in Illinois.

Mr. ROBINSON. Were you fairly intimately acquainted with him?

Mr. BLACK. Not too well acquainted with him; no. Just a small community; just like anybody else, you get to know one another, if you have been around small towns.

Mr. ROBINSON. Did he occasionally come in your place?

Mr. BLACK. Very seldom. I have to answer you honest. My principal business for the last 6 years has been on the farm. I have been working on my farm. My hands show it. I am not around the Gables too much. He was a member of the draft board during World War II. He and Dr. Whitman and Robert Rost, from Verona. They came out there at noon and ate their lunch out there.

Mr. ROBINSON. How frequently did he come to your handbook?

Mr. BLACK. I have never seen him in my handbook.

Mr. ROBINSON. I thought you said he came in there occasionally.

Mr. BLACK. Not the handbook, sir; in the restaurant.

Mr. ROBINSON. You never saw him in the handbook?

Mr. BLACK. No, sir.

Mr. ROBINSON. Do you know whether he has bet at your place?

Mr. BLACK. No; I don't.

Mr. ROBINSON. That is all.

Mr. HALLEY. No questions.

The CHAIRMAN. Did you handle the buying of the crap table and the slot machines, and what not?

Mr. BLACK. No.

The CHAIRMAN. You don't know where they were bought from?

Mr. BLACK. As I told you, I am not around the Gables. I never work there. I am not around it a great deal. I am not at the Gables very much.

The CHAIRMAN. You did work there some?

Mr. BLACK. I did?

The CHAIRMAN. Did you not?

Mr. BLACK. No, sir.

The CHAIRMAN. You did not?

Mr. BLACK. No, sir. I never worked at the Seven Gables.

Mr. ROBINSON. Do you know Sheriff Henrietta?

Mr. BLACK. Sheriff John Henrietta; yes, sir.

Mr. ROBINSON. How long have you known him?

Mr. BLACK. I was born and raised with him.

The CHAIRMAN. How long has he been sheriff?

Mr. BLACK. Four years, sir.

The CHAIRMAN. Do you know why he never did come out and raid the place?

Mr. BLACK. I presume he had no complaints. That is about the best answer I can give you. Maybe he didn't know it was running. I don't know.

The CHAIRMAN. Who was this banker down there who committed suicide, saying he had lost a lot of money somewhere?

Mr. BLACK. That was the gentleman he was asking me about.

The CHAIRMAN. Mr. Derst? Where did he lose all that money? At your place?

Mr. BLACK. So far as I know, definitely not.

The CHAIRMAN. You do not know whether he was there or not?

Mr. BLACK. No. That is honest.

The CHAIRMAN. Where did he say he lost it? Does the record show?

Mr. BLACK. According to the paper, I read it in the paper, when he committed suicide he left a letter to his wife, and it was in the paper, that he lost—he said he lost \$35,000. “I didn’t lose it. It was just taken from me.”

Mr. ROBINSON. You said you were born and raised with the sheriff?

Mr. BLACK. I was born and raised in the vicinity. He was born at Carbon Hill, a coal miners’ town, and that is where I was born and raised, Carbon Hill.

Mr. ROBINSON. He knew what business you were in?

Mr. BLACK. Sir?

Mr. ROBINSON. He knew what business you were in?

Mr. BLACK. He knew I was in the food and restaurant business.

Mr. ROBINSON. Wouldn’t it be a reasonable assumption that he knew you were in the bookmaking business?

Mr. TRAFELET. He doesn’t know what this fellow knew?

The CHAIRMAN. Did you talk about it with the sheriff?

Mr. BLACK. Did I talk to him?

The CHAIRMAN. About your being in the bookmaking business?

Mr. BLACK. No; I didn’t.

The CHAIRMAN. About having a book?

Mr. BLACK. No; I never did.

The CHAIRMAN. Was it well known down there that you had a book in this place?

Mr. BLACK. I would have to answer that question “Yes.” A small community; the county is only about 20,000.

Mr. TRAFELET. What was the question?

The CHAIRMAN. I asked if it was well known that he had a book at Seven Gables, and he answered, very forthrightly, “Yes.”

Mr. BLACK. It was a small county. I suppose it would be generally known.

The CHAIRMAN. Let me ask you this. You were in partnership with Mr. Spellisy about 10 years?

Mr. BLACK. I would say 10 years.

The CHAIRMAN. How much did you usually make, on the average, out of this business, a year, your part?

Mr. BLACK. I couldn’t answer that and give you a fair answer on it. I know what my income-tax returns would be.

The CHAIRMAN. Your best approximation. We do not want exact figures.

Mr. BLACK. I would say between \$10,000 and \$12,000.

The CHAIRMAN. Your part?

Mr. BLACK. I would say my part might be that much.

The CHAIRMAN. We have the income-tax matter. We were just asking you.

Mr. BLACK. That is right, sir.

The CHAIRMAN. Did you keep operating after it was raided?

Mr. BLACK. Not to my knowledge; no. I have been away. I was up fishing all the time, fishing and on the farm.

The CHAIRMAN. No other questions. We thank you for your cooperation, Mr. Black.

Mr. BLACK. Yes, sir. Is that all, sir?

The CHAIRMAN. That is all, unless you want to ask Mr. Black some questions yourself, counsel.

Mr. TRAFELET. No, but Mr. Black is desirous of going away for a while, probably. Will this committee need him—do you know?—at any future date, or does this dismissal mean he is through?

The CHAIRMAN. Mr. Black will keep in touch with you, so in case we need him 6 weeks or a month from now, or any time in the future, we can get in touch with you and you can get in touch with him. He can go away; but the subpoena will remain in effect on you, Mr. Black. If we can agree that we can get in touch with you and you can notify Mr. Black to get back here, that will be satisfactory.

Mr. TRAFELET. All right, thank you, sir.

The CHAIRMAN. And the same goes for Mr. Spellis.

Mr. TRAFELET. Very well, sir.

FURTHER TESTIMONY OF LOUIS CAMPAGNA, BERWYN, ILL.

The CHAIRMAN. You have already been sworn by this committee, Mr. Campagna?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. State your full name.

Mr. CAMPAGNA. Louis Campagna.

Mr. ROBINSON. We have your address from the previous testimony.

Mr. CAMPAGNA. 2927 South Maple Avenue, Berwyn, Ill.

Mr. ROBINSON. Mr. Campagna, while you were in the penitentiary, who operated your farm?

Mr. CAMPAGNA. My wife handled it, with some tenant farmers.

Mr. ROBINSON. You operated on a partnership basis with someone?

Mr. CAMPAGNA. Partnership with the tenant farmer, yes, sir. I think she did.

Mr. ROBINSON. Who was the tenant farmer?

Mr. CAMPAGNA. Well, there was one when I was there. He was a man by the name of Gick.

Mr. ROBINSON. Who else?

Mr. CAMPAGNA. Afterward he quit, and there was a fellow by the name of David Sheets.

Mr. ROBINSON. What was the partnership arrangement?

Mr. CAMPAGNA. On a 50-50 basis, I think it was.

Mr. ROBINSON. Who is David Sheets?

Mr. CAMPAGNA. He is a farmer down there in Indiana.

Mr. ROBINSON. Is he related in any way to William Sheets?

Mr. CAMPAGNA. I don't know, sir.

Mr. ROBINSON. Do you know William Sheets?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. You never heard of him?

Mr. CAMPAGNA. Well, I don't know.

Mr. ROBINSON. You never had any business with him?

Mr. CAMPAGNA. No, sir; I didn't, that I remember, unless it is David Sheets' dad or something.

Mr. ROBINSON. Was David Sheets ever in the gambling business?

Mr. CAMPAGNA. Not that I know of.

Mr. ROBINSON. At the close of the last hearing at which you were testifying, Mr. Campagna, you mentioned the fact that you had approximately \$30,000 at some location.

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. Can you state now specifically at what location that \$30,000 was?

Mr. CAMPAGNA. I said approximately \$30,000. I had it at home.

Mr. ROBINSON. You had it at your home?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. Did you have a specific reason for indicating it was elsewhere?

Mr. CAMPAGNA. Well, I didn't think I had to answer that question at the time. I was a little confused.

Mr. ROBINSON. That is the sole reason?

Mr. CAMPAGNA. That was the sole reason.

Mr. ROBINSON. Was that amount \$30,000?

Mr. CAMPAGNA. I said approximately. I don't know.

Mr. ROBINSON. You would know how much money you had stuck away somewhere, wouldn't you?

Mr. CAMPAGNA. No, sir; I would not.

Mr. ROBINSON. Where did you have it in the house?

Mr. CAMPAGNA. I had it hidden in the house.

Mr. ROBINSON. Where in the house?

Mr. CAMPAGNA. I have a place in the house there.

Mr. ROBINSON. Do you have a safe-deposit place in the house?

Mr. CAMPAGNA. No. A place in the house.

Mr. ROBINSON. Hidden in the basement?

Mr. CAMPAGNA. Yes.

Mr. ROBINSON. How long had you had it hidden there?

Mr. CAMPAGNA. Well, I had it hidden there—I have always kept my money there.

Mr. ROBINSON. For how long?

Mr. CAMPAGNA. I would say from around 1935 or 1936, on and off.

Mr. ROBINSON. Was that the largest amount you ever had there?

Mr. CAMPAGNA. I don't know. I said approximately. I don't know exactly.

Mr. ROBINSON. Would it have been as high as \$75,000?

Mr. CAMPAGNA. It may have been.

Mr. ROBINSON. How much did you have there when you came out of the penitentiary?

Mr. CAMPAGNA. I never counted it, sir.

The CHAIRMAN. Was that when you had approximately \$30,000 there?

Mr. CAMPAGNA. I said approximately \$30,000. I never counted it.

The CHAIRMAN. When you came out, that is what you thought you had?

Mr. CAMPAGNA. Yes. He asked me for the figure.

Mr. ROBINSON. Did you put any in after you came out?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. When was the last time you put any in?

Mr. CAMPAGNA. I haven't put any in. I took some out.

Mr. ROBINSON. Did you count it when you took it out?

Mr. CAMPAGNA. When I needed it, I would count it; yes.

Mr. ROBINSON. How much have you taken out of it?

Mr. CAMPAGNA. I took around, oh, I would say around \$30,000, like that.

Mr. ROBINSON. That you have taken out?

Mr. CAMPAGNA. Yes.

Mr. ROBINSON. So you have nothing left?

Mr. CAMPAGNA. I didn't say that. I said I had approximately \$30,000 at the time. I never counted it.

Mr. ROBINSON. If you had approximately \$30,000 at the time, and you have taken \$30,000 out, you don't have very much left, do you? How do you figure the approximation? Does it vary between \$20,000 and \$50,000?

Mr. CAMPAGNA. It may.

Mr. ROBINSON. In other words, "approximately," to you, means it might be \$80,000 or \$90,000, and it might be \$5,000?

Mr. CAMPAGNA. You asked me to give you a figure, and to the best of my judgment I gave you an approximate figure.

Mr. ROBINSON. You mean you have money down in the cellar of your house and you never bothered to count it to see how much you have there?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. So it could have been \$100,000 or \$5,000?

Mr. CAMPAGNA. I know it couldn't have been \$100,000.

Mr. ROBINSON. Let us get to a precise figure, if we can.

Mr. CAMPAGNA. I can't very well, because I never counted it.

Mr. ROBINSON. It could have been \$75,000?

Mr. CAMPAGNA. It may have been.

Mr. ROBINSON. So "approximately \$30,000" doesn't mean anything? It could have been \$75,000?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. Would you say it was closer to approximately 75 than approximately 30?

Mr. CAMPAGNA. I couldn't say.

The CHAIRMAN. Let me get at this, now. You said that you had approximately \$30,000 there, and you also said you had taken out about \$30,000?

Mr. CAMPAGNA. That is right, sir.

The CHAIRMAN. In view of the fact that you have taken out about \$30,000, have you revised your figure as to approximately what you had there when you came home?

Mr. CAMPAGNA. No, sir.

The CHAIRMAN. I mean, do you think you have \$10,000 or \$15,000 left?

Mr. CAMPAGNA. I may.

The CHAIRMAN. But you have not counted it? You do not know?

Mr. CAMPAGNA. That is right, sir.

The CHAIRMAN. You do not know whether it is 5, 10, or 15 that you have left?

Mr. CAMPAGNA. That is right, sir.

The CHAIRMAN. So, then, in view of the fact that you have taken out \$30,000, you would have to say, I guess—

Mr. CAMPAGNA. That is just approximately.

The CHAIRMAN. That you had a good deal more than \$30,000 when you came out?

Mr. CAMPAGNA. Possibly I had.

The CHAIRMAN. Not approximately.

Mr. CAMPAGNA. I have never counted it. I can't give you definite figures, I have so much.

The CHAIRMAN. Does it look like a big stack left or a little stack?

Mr. CAMPAGNA. That, I don't know.

Mr. ROBINSON. What are the denominations of the bills you have there?

Mr. CAMPAGNA. \$100 and \$20.

Mr. ROBINSON. Anything over \$100?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Are you the only one who knows it is there?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. Does your wife know it is there?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. You have children?

Mr. CAMPAGNA. I have.

Mr. ROBINSON. How old are your children?

Mr. CAMPAGNA. One is 30, and one is 28, and one is 17.

Mr. ROBINSON. None of them know that you have this money there?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. What do you withdraw the money for?

Mr. CAMPAGNA. I bought a piece of property in Fowler that I was renting for a long time, for \$22,500, and I bought cattle in August.

Mr. ROBINSON. Do you use it for any other purpose?

Mr. CAMPAGNA. No, sir, I do not.

Mr. ROBINSON. Do you use it to run your household?

Mr. CAMPAGNA. I run it from what we get out of the farm returns and from what she gets.

Mr. ROBINSON. In other words, you turn over money to your wife to run the household?

Mr. CAMPAGNA. I do.

Mr. ROBINSON. And that money comes out of your income from the farm, solely?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. Your wife runs an establishment, too, doesn't she?

Mr. CAMPAGNA. Yes, sir, she does.

Mr. ROBINSON. What is the name of the place?

Mr. CAMPAGNA. The Orchid Flower Store.

Mr. ROBINSON. Where is that?

Mr. CAMPAGNA. Chicago and Western.

Mr. ROBINSON. Do you have any money invested in that?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Is that solely owned by your wife?

Mr. CAMPAGNA. She is in partners.

Mr. ROBINSON. Who is the partner?

Mr. CAMPAGNA. Marie Capezio.

Mr. ROBINSON. She is the wife of Anthony Capezio?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. Are there any other partners?

Mr. CAMPAGNA. I think that they cut the man who runs the place in with them. I am not sure.

Mr. ROBINSON. Who is the man who runs it?

Mr. CAMPAGNA. I don't know his last name. Louis is his first name.

Mr. ROBINSON. At one time you were a partner in the El Patio Club?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. That was a bookmaking establishment?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. Your partners were whom?

Mr. CAMPAGNA. William Heeney and Joseph Corngold.

Mr. ROBINSON. How long did you run that club?

Mr. CAMPAGNA. I just couldn't exactly give you the exact dates.

Mr. ROBINSON. Was that club ever raided?

Mr. CAMPAGNA. Quite a few times, I guess.

Mr. ROBINSON. Do you recall how many times?

Mr. CAMPAGNA. No, sir; I do not.

The CHAIRMAN. Where was that located?

Mr. CAMPAGNA. South Cicero.

Mr. ROBINSON. Did you pay any protection money for the operation of that club?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Did any other partner?

Mr. CAMPAGNA. I don't know, sir.

Mr. ROBINSON. Did you ever inquire?

Mr. CAMPAGNA. No, sir; I never did.

Mr. ROBINSON. What were your activities at that club?

Mr. CAMPAGNA. Just put up the financing money.

Mr. ROBINSON. You never went around it?

Mr. CAMPAGNA. Oh, I went around it. There was a saloon in the front.

Mr. ROBINSON. You never bothered to check as to what the expenses were?

Mr. CAMPAGNA. No, sir; I never did.

Mr. ROBINSON. What help was paid and how much was paid?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Whether it was a going concern or a losing concern?

Mr. CAMPAGNA. It was a going concern.

Mr. ROBINSON. How much did you make out of it, yearly?

Mr. CAMPAGNA. It is pretty hard to estimate that figure. It varies.

Mr. ROBINSON. It varied from \$10,000 to \$25,000 a year?

Mr. CAMPAGNA. I think it would; yes.

Mr. ROBINSON. Did it ever run as high as \$75,000, your share?

Mr. CAMPAGNA. Oh, it may have.

Mr. ROBINSON. Did you run that club up until the time you went into the penitentiary?

Mr. CAMPAGNA. About 2 months before I went away, when I got indicted, is when I quit. There were two clubs there, instead of one.

Mr. ROBINSON. What did you do with the money you got from that club?

Mr. CAMPAGNA. I kept it at home.

Mr. ROBINSON. In the same place?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. How much would you put in there periodically?

Mr. CAMPAGNA. Whatever I would get at the end of the month.

Mr. ROBINSON. When did you get your share?

Mr. CAMPAGNA. At the end of the month, whatever the share was, I would get the slip, and put my money away, outside of the expenses of eating and what I would keep the family with.

Mr. ROBINSON. Is the same thing true with the Austin Club?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. How much did you make out of that?

Mr. CAMPAGNA. We figured them all together. I don't know how much it was.

The CHAIRMAN. Is that in Cicero, too?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. How many times was that place raided?

Mr. CAMPAGNA. Quite a few times.

Mr. ROBINSON. And went right back into operation again?

Mr. CAMPAGNA. I don't know how they worked there. I suppose they did, on the sneak.

Mr. ROBINSON. How did they work it?

Mr. CAMPAGNA. I don't know.

Mr. ROBINSON. Didn't you have interest enough to inquire? You had money invested in it, and you were getting a substantial return.

Mr. CAMPAGNA. I was satisfied with the returns without asking any questions.

Mr. ROBINSON. How would you get back into business after it was raided?

Mr. CAMPAGNA. I don't know.

Mr. ROBINSON. You never did anything about that?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Was that one of the other partners' jobs?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. You never inquired about it?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. You just forgot about it entirely?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. It was entirely up to them whether they went back into business or not?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. Is that something that you think Corngold would have handled?

Mr. CAMPAGNA. He did handle it.

Mr. ROBINSON. He handled all those arrangements?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. Would Heeney have anything to do with making those arrangements for going back into operation again?

Mr. CAMPAGNA. I don't think so.

Mr. ROBINSON. What particular qualification did Corngold have for making those arrangements?

Mr. CAMPAGNA. How do you mean?

Mr. ROBINSON. Is he a local boy out in Cicero?

Mr. CAMPAGNA. He has been a local boy for years.

Mr. ROBINSON. And he had the proper connections?

Mr. CAMPAGNA. I don't know.

Mr. ROBINSON. You assumed that he did——

Mr. CAMPAGNA. I don't know.

Mr. ROBINSON. From the fact that he went back into operation again?

Mr. CAMPAGNA. He may have had. I don't know.

Mr. ROBINSON. Did you have anything to do with the operation of the book at all?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. You made no arrangements about getting the wire service?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. That was all handled by Corngold?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. When was the last time you saw Corngold?

Mr. CAMPAGNA. 1943.

Mr. ROBINSON. Where did Heeney come from?

Mr. CAMPAGNA. I met him here in Chicago.

Mr. ROBINSON. Where was he from?

Mr. CAMPAGNA. I don't know. The papers say St. Louis, but I don't know. I never asked him.

Mr. ROBINSON. You never talked to him or asked him about where he came from?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. How often would you partners get together to talk about the business?

Mr. CAMPAGNA. I would be over at the saloon, on an average, two or three times a week, but I never talked about business.

Mr. ROBINSON. You just expected that monthly income?

Mr. CAMPAGNA. If it came in, yes; I did.

Mr. ROBINSON. Do you know Claude Maddox?

Mr. CAMPAGNA. Yes, sir; I do.

Mr. ROBINSON. Do you know John Moore?

Mr. CAMPAGNA. The same fellow.

Mr. ROBINSON. "Screwy" Moore, the same individual, isn't it?

Mr. CAMPAGNA. I don't know whether you call him "Screwy."

Mr. ROBINSON. You know that is his nickname?

Mr. CAMPAGNA. If the papers say that, I guess it is.

Mr. ROBINSON. Where did he come from?

Mr. CAMPAGNA. I don't know.

Mr. ROBINSON. Did he come from St. Louis?

Mr. CAMPAGNA. Not that I know of. I don't know.

Mr. ROBINSON. What business was he in?

Mr. CAMPAGNA. I don't know. I think he had a tavern. I don't know whether he is interested or not. He used to be in the tavern.

Mr. CAMPAGNA. The Turf Club?

Mr. CAMPAGNA. I think it is the Turf Club. I am not sure.

Mr. ROBINSON. What other business is he in?

Mr. CAMPAGNA. I don't know, sir.

Mr. ROBINSON. Did you ever hear of Taylor & Co.?

Mr. CAMPAGNA. I have heard of it; yes, sir.

Mr. ROBINSON. What do they manufacture?

Mr. CAMPAGNA. I think they manufacture cards and rice and billiard tables, regular amusement.

Mr. ROBINSON. Was Maddox in that business, do you know?

Mr. CAMPAGNA. I don't know, sir.

Mr. ROBINSON. You never knew that?

Mr. CAMPAGNA. Certainly not.

Mr. ROBINSON. Do you have gambling equipment in your place?

Mr. CAMPAGNA. Yes, sir; they have gambling equipment.

Mr. ROBINSON. Do you know where it was purchased?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. You had nothing to do with that?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. Do you know a person by the name of Aiuppa?

Mr. CAMPAGNA. I don't think so.

Mr. ROBINSON. A-i-u-p-p-a?

Mr. CAMPAGNA. No, sir; I don't think so.

Mr. ROBINSON. You never heard of him?

Mr. CAMPAGNA. Not under that name. I don't know.

Mr. ROBINSON. Before you went to the penitentiary, did you do much traveling?

Mr. CAMPAGNA. I wouldn't say I done much traveling. I traveled a little bit.

Mr. ROBINSON. Where would you go?

Mr. CAMPAGNA. I went to Hot Springs.

Mr. ROBINSON. Who would you see there?

Mr. CAMPAGNA. Just took the baths. Whoever was there.

Mr. ROBINSON. How long did you stay there?

Mr. CAMPAGNA. Twenty-one baths.

Mr. ROBINSON. How long would that be?

Mr. CAMPAGNA. It would take about a month.

Mr. ROBINSON. Did you go alone?

Mr. CAMPAGNA. No. I went with my wife.

Mr. ROBINSON. Who were the people you saw there?

Mr. CAMPAGNA. Well, there is a lot of people there.

Mr. ROBINSON. Name some of them.

Mr. CAMPAGNA. I don't recall who I saw.

Mr. ROBINSON. You must recall some, if you spent 30 days there.

Mr. CAMPAGNA. I used to play a lot of golf by myself.

Mr. ROBINSON. Who did you play golf with?

Mr. CAMPAGNA. My wife.

Mr. ROBINSON. Nobody else?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. You used to go there every year?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Just once?

Mr. CAMPAGNA. I went there a couple of times.

Mr. ROBINSON. A couple of times?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. What year?

Mr. CAMPAGNA. Gentlemen, I don't remember, gee.

Mr. ROBINSON. How long before you went to the penitentiary was the last time you went to Hot Springs?

Mr. CAMPAGNA. I would say maybe 4 years before I went to the penitentiary.

Mr. ROBINSON. About 1939 or 1940?

Mr. CAMPAGNA. Something like that.

Mr. ROBINSON. You don't recall a single person that you met there?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. You and your wife just went about your own business and never mingled with anybody else while you were there?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. Do you know Owney Madden?

Mr. CAMPAGNA. I know of him; yes, sir.

Mr. ROBINSON. Have you ever met him?

Mr. CAMPAGNA. I may have met him on the golf course.

Mr. ROBINSON. Where?

Mr. CAMPAGNA. Hot Springs.

Mr. ROBINSON. I asked you if you ever played with anybody. Did he ever play with you?

Mr. CAMPAGNA. No, sir; he never did.

Mr. ROBINSON. How often did you see him there?

Mr. CAMPAGNA. I seen him about once or twice.

Mr. ROBINSON. What would you talk about?

Mr. CAMPAGNA. I never talked to him.

Mr. ROBINSON. You just said hello?

Mr. CAMPAGNA. That is about all.

Mr. ROBINSON. Do you know anything about his business?

Mr. CAMPAGNA. No, sir; I do not.

Mr. ROBINSON. What are some of the other places that you would go to, prior to going to the penitentiary; what other places would you travel and go on vacations?

Mr. CAMPAGNA. I was down to Florida once.

Mr. ROBINSON. When was that?

Mr. CAMPAGNA. Oh, I think that was in 1941 or 1940. My son joined the Army. My wife had a break-down. That is how we went down there.

Mr. ROBINSON. Who were the people you saw down there?

Mr. CAMPAGNA. Just her and I.

Mr. ROBINSON. Nobody else?

Mr. CAMPAGNA. That is all.

Mr. ROBINSON. Did you do any gambling while you were there?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. None whatsoever?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Have you ever been in New Orleans?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. How about California?

Mr. CAMPAGNA. I was there years ago when I was a kid.

Mr. ROBINSON. Do you know Jack Dragna?

Mr. CAMPAGNA. No, sir; I do not.

Mr. ROBINSON. You never met him?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Do you know Russell Brophy?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Do you know Eugene Normile?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. How often would you go to New York?

Mr. CAMPAGNA. Well, I have been in New York, I suppose, four or five times since I left there.

Mr. ROBINSON. Since you left?

Mr. CAMPAGNA. New York.

Mr. ROBINSON. What was the purpose of those visits?

Mr. CAMPAGNA. To visit my mother and dad when they were alive?

Mr. ROBINSON. Did you have any acquaintances in New York?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. You never met or visited with anyone while you were there?

Mr. CAMPAGNA. No, sir; outside of my folks.

Mr. ROBINSON. How long would you stay there?

Mr. CAMPAGNA. A day, 2 days, or 3 days. I stayed there 3 days for the funeral once.

Mr. ROBINSON. Did you ever do any business with Jack Guzik?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Did you ever hear of the Trans-American Co.?

Mr. CAMPAGNA. Outside of what I read in the paper.

Mr. ROBINSON. Did you ever have any information as to who was connected with that company?

Mr. CAMPAGNA. No, sir; I never did.

Mr. ROBINSON. Outside of what you might have read in the paper?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. Who is Gus Alec?

Mr. CAMPAGNA. He is one of the fellows around here. I have seen him several times.

Mr. ROBINSON. What business is he in?

Mr. CAMPAGNA. I don't know, sir.

Mr. ROBINSON. Was he ever in business with you?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. How often do you see him or did you see him?

Mr. CAMPAGNA. I have seen him twice, I think, in about 1941 or 1942.

Mr. ROBINSON. Is he in any way connected with Tony Accardo?

Mr. CAMPAGNA. I don't know, sir.

Mr. ROBINSON. Or Capezio?

Mr. CAMPAGNA. I don't know, sir.

Mr. ROBINSON. Who was the police captain in the district where you had your bookie place?

Mr. CAMPAGNA. Well, when I was out there, the captain was a fellow by the name of Kid Martin.

Mr. ROBINSON. Did you know him quite well?

Mr. CAMPAGNA. I did know him quite well.

Mr. ROBINSON. Did he know what business you were in?

Mr. CAMPAGNA. I don't think so.

Mr. ROBINSON. Did he know what business Corngold was in?

Mr. CAMPAGNA. I don't think so.

Mr. ROBINSON. Was he a friend of Corngold?

Mr. CAMPAGNA. I don't know, sir.

Mr. ROBINSON. This tax case that you had that Bernstein handled for you—

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. You recall that?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. I think we may have discussed it a little bit, briefly, when you testified before.

Did you ever pay any money to Bernstein yourself, or authorize the payment of it to him?

Mr. CAMPAGNA. No. I wasn't authorized, but I did pay him \$500 at the first congressional meeting they had in Chicago.

Mr. ROBINSON. That was in connection with his handling your parole case?

Mr. CAMPAGNA. Not the parole.

Mr. ROBINSON. I am speaking about the tax.

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Was that in connection with your hearing before the Hoffman committee?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. That you paid him the \$500?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. What I was speaking about was the payment of your tax liability.

Mr. CAMPAGNA. Let me get that question.

Mr. ROBINSON. That Bernstein handled for you and Mr. DeLucia.

Mr. CAMPAGNA. Yes?

Mr. ROBINSON. Which totaled around \$190,000. Do you know how those payments were made?

Mr. CAMPAGNA. Well, I just heard the story, what he told at the congressional; that is the only way I ever knew.

Mr. ROBINSON. Was that the first time you ever heard of those payments being made by Bernstein?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. You were in the penitentiary at the time?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. Did he ever come down and tell you it was paid?

Mr. CAMPAGNA. He said it was taken care of. That is the way he gave it to me.

Mr. ROBINSON. In the penitentiary?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. So you had heard it previous to the time of the Hoffman hearing?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. He had come down and told you he had paid it?

Mr. CAMPAGNA. That he had taken care of it.

Mr. ROBINSON. Did he go into the details of how it was paid?

Mr. CAMPAGNA. No, sir; he never did.

Mr. ROBINSON. Did he say he had been in communication with your wife?

Mr. CAMPAGNA. Well, he had been, yes, because they had the liens on our farms, against the both of us.

Mr. ROBINSON. Did he state what the subject of the conversations were with your wife?

Mr. CAMPAGNA. No, sir, he did not.

Mr. ROBINSON. He never mentioned it, other than to say he had talked to your wife about it?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. You state that your wife didn't know where you kept this money in the house?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. What was your reason for keeping that secret?

Mr. CAMPAGNA. It is just like everything else, I just kept it secret.

Mr. ROBINSON. Why would you keep a secret from your wife?

Mr. CAMPAGNA. I just kept it secret, that is all. I don't see no reason for it. I just kept it secret.

Mr. ROBINSON. It would seem to me there must be some basic reason for keeping that amount of money in a place in your cellar.

Mr. CAMPAGNA. None whatever.

Mr. ROBINSON. Did you have some fear of being robbed?

Mr. CAMPAGNA. That can happen any time.

Mr. ROBINSON. How large sums were you accustomed to carry around on your person?

Mr. CAMPAGNA. A couple of hundred dollars.

Mr. ROBINSON. You have talked to Mr. Bernstein since the settlement of your case, to try to find out who the people were who paid the money?

Mr. CAMPAGNA. I have.

Mr. ROBINSON. Did he describe who the people were?

Mr. CAMPAGNA. He gave a description at the congressional hearing. That is the only description I ever got. I wanted to find out who it was, and I—

Mr. ROBINSON. Did you ever sit down and talk to Bernstein about it in his office?

Mr. CAMPAGNA. I have talked to him, and he doesn't give any more answer than he did at the congressional hearing.

Mr. ROBINSON. It is a curious situation. "Mr. Bernstein, who were these people? What did they look like?" Did you have that type of conversation?

Mr. CAMPAGNA. No, sir, I didn't. I listened to everything he said at the congressional.

Mr. ROBINSON. You never talked to him once before the congressional hearing?

Mr. CAMPAGNA. After that, no, I didn't.

Mr. ROBINSON. I mean before that, did you ever talk to him?

Mr. CAMPAGNA. No, I never did, because we were out, I think—I don't know, we were out a couple of months before we were down to the congressional, and all this newspaper scandal about it.

Mr. ROBINSON. Have you talked to him since that time, since the congressional hearing?

Mr. CAMPAGNA. I have asked him if he found out anything, and he said no, he hasn't heard.

Mr. ROBINSON. Didn't you ask him what the persons looked like?

Mr. CAMPAGNA. I got a description of what he said at the congressional hearing so I never did ask him.

Mr. ROBINSON. Did it tie in with anyone you knew?

Mr. CAMPAGNA. No, sir; it did not.

Mr. ROBINSON. Did you know Phil D'Andrea closely?

Mr. CAMPAGNA. Not very closely, no, but I knew him.

Mr. ROBINSON. What did he do?

Mr. CAMPAGNA. I don't know, sir.

Mr. ROBINSON. Was he working with Al Capone?

Mr. CAMPAGNA. I don't know, sir.

Mr. ROBINSON. You used to see him around with Al Capone?

Mr. CAMPAGNA. No, sir, I did not.

Mr. ROBINSON. Did you ever see him up at the Lexington Hotel?

Mr. CAMPAGNA. No, sir, I did not.

Mr. ROBINSON. You used to go up to the Lexington Hotel?

Mr. CAMPAGNA. I have been up there once or twice.

Mr. ROBINSON. Was Al Capone there?

Mr. CAMPAGNA. Yes, sir.

Mr. ROBINSON. Who else was there?

Mr. CAMPAGNA. I don't know.

MR. ROBINSON. You have no recollection; just you and Al Capone?

MR. CAMPAGNA. That is right, sir.

MR. ROBINSON. What did you talk about?

MR. CAMPAGNA. He talked about my working for him at the time.

MR. ROBINSON. What work were you doing?

MR. CAMPAGNA. Tailing trucks.

MR. ROBINSON. What year was that?

MR. CAMPAGNA. I don't know. I would say—if I give you years, then I am held down to it. I don't know exactly what years.

MR. ROBINSON. You were up there twice to see him alone?

MR. CAMPAGNA. That is right.

MR. ROBINSON. Never any time except those two times?

MR. CAMPAGNA. That is about the only times I came up.

MR. ROBINSON. Have you ever discussed with your wife the question of who might have paid your tax?

MR. CAMPAGNA. I asked her, but she doesn't know.

MR. ROBINSON. Did she indicate any particular interest in finding out?

MR. CAMPAGNA. She didn't know. She had the same condition I had with Bernstein.

MR. ROBINSON. What was the nature of your conversation with your wife about it?

MR. CAMPAGNA. If she knew who paid it; to find out who paid it; did Bernstein tell her? And she said "No."

MR. ROBINSON. What did she say to you, and what did you say to her? It seems to me that would be a matter that would be discussed quite in detail between a husband and wife.

MR. CAMPAGNA. I don't know.

MR. ROBINSON. If somebody paid—what is it?

The CHAIRMAN. \$190,000.

MR. ROBINSON. \$190,000 for your share, wasn't it?

The CHAIRMAN. No; it was \$190,000 altogether.

Let me put it to you this way, Mr. Campagna: Apparently the only people who knew about this tax liability were you and your wife and De Lucia and his wife, Mr. Bernstein, and Accardo. He was down there several times. Mr. Bernstein has testified that you all were the only ones who knew about it. What is your best judgment about who got in touch with somebody?

MR. CAMPAGNA. I couldn't tell you, Senator.

The CHAIRMAN. Do you think Tony Accardo paid it off?

MR. CAMPAGNA. I don't know. I don't know who paid it. I think that if Tony Accardo paid it, Mr. Bernstein surely would know.

The CHAIRMAN. Did Tony Accardo have that sort of money?

MR. CAMPAGNA. I don't know. I don't know his business.

The CHAIRMAN. Did you pay this lawyer in Texas anything for helping you, for getting your parole?

MR. CAMPAGNA. No, sir.

The CHAIRMAN. Did you employ any lawyer in connection with the parole?

MR. CAMPAGNA. No, sir.

The CHAIRMAN. Did you ever consult this lawyer in Texas?

MR. CAMPAGNA. No, sir.

The CHAIRMAN. As far as you are concerned, your parole came automatically? .

Mr. CAMPAGNA. That is right, sir; in regular routine.

The CHAIRMAN. One other question. How did Mr. Bernstein happen to come down the day you and De Lucia and Charlie Gioe were released from Leavenworth? Did you ask him to come down?

Mr. CAMPAGNA. My wife asked him to come down.

The CHAIRMAN. To come down to come back to Chicago with you?

Mr. CAMPAGNA. With me; yes, sir.

The CHAIRMAN. Did you spend the night in Kansas City that night?

Mr. CAMPAGNA. No, sir.

The CHAIRMAN. What did you do, come directly from Leavenworth to the airport?

Mr. CAMPAGNA. Flew back from the airport.

The CHAIRMAN. Who came over to get you?

Mr. CAMPAGNA. He had some fellow with a car and a chauffeur. I don't know who he was. He picked us up right at the bus station at Leavenworth.

The CHAIRMAN. Was it Tony Gizzo? Did he come over?

Mr. CAMPAGNA. No, sir.

The CHAIRMAN. Did you know Tony Gizzo?

Mr. CAMPAGNA. Yes, sir.

The CHAIRMAN. Did you see him while you were in the penitentiary?

Mr. CAMPAGNA. No, sir.

The CHAIRMAN. You did not see him on the way back to Chicago?

Mr. CAMPAGNA. No, sir.

The CHAIRMAN. These two places in Cicero that you had an interest in, you just put up part of the bank roll or the cash for operating them, and you did not manage the places?

Mr. CAMPAGNA. That is right, sir.

The CHAIRMAN. They both had wire service?

Mr. CAMPAGNA. I suppose they did.

The CHAIRMAN. Do you know where that came from?

Mr. CAMPAGNA. No, sir; I do not.

The CHAIRMAN. Did you have an interest in Trans-American?

Mr. CAMPAGNA. No, sir; I did not.

The CHAIRMAN. R & H?

Mr. CAMPAGNA. No, sir.

The CHAIRMAN. Do you know who ran Trans-American?

Mr. CAMPAGNA. No, sir; I do not.

The CHAIRMAN. R & H?

Mr. CAMPAGNA. No, sir.

The CHAIRMAN. Did we ask you whether you knew Meyer Lansky in New York?

Mr. CAMPAGNA. No, sir.

The CHAIRMAN. Do you know him?

Mr. CAMPAGNA. No, sir.

The CHAIRMAN. In New York, you did know Ricca or Goebels, did you not?

Mr. CAMPAGNA. Yes, sir; I did.

The CHAIRMAN. Would you see him on your trips there?

Mr. CAMPAGNA. No. I think I saw him in Chicago before I went away. Most of the time when I was in New York, he was away. He wasn't in town.

The CHAIRMAN. What did he do in Chicago?

Mr. CAMPAGNA. Just visited.

The CHAIRMAN. What did he do in New York?

Mr. CAMPAGNA. I don't know, sir.

The CHAIRMAN. How about Ally Arnstein? Do you know him?

Mr. CAMPAGNA. No, sir.

Mr. ROBINSON. Mr. Campagna, I would like to read from and ask you a couple of questions on your testimony before the Hoffman committee regarding the same matter that we have been discussing, about the tax matter.

The Chairman stated:

But you had the money to settle it if you——

Mr. CAMPAGNA. Well, I had some money.

The CHAIRMAN. Would you tell us approximately what you had when this matter was settled?

Mr. CAMPAGNA. No; I couldn't very well.

The CHAIRMAN. Within \$5,000, \$10,000, or \$15,000?

Mr. CAMPAGNA. No; I wouldn't even try and guess.

The CHAIRMAN. Did you have more than, say, \$75,000?

Mr. CAMPAGNA. Yes. It is hard to say. I could have had more than that if I had the liens taken off. I could have settled it myself.

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. Does that serve to refresh your recollection in any way as to what the amount of cash was that you did have?

Mr. CAMPAGNA. No, sir; it doesn't. When I made that statement there, they had two liens on us, and if I could have sold the farm I would have paid it myself. I wouldn't have had maybe half of this trouble.

Mr. ROBINSON. What was your reference to the \$75,000? Was that to cash?

Mr. CAMPAGNA. He asked that question. I said "maybe more." I didn't know whether I did or not.

Mr. ROBINSON. You were referring to the cash at the time?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. That you had in the cellar?

Mr. CAMPAGNA. That is right, sir.

Mr. ROBINSON. And it could have been more than \$75,000?

Mr. CAMPAGNA. I don't think so.

Mr. ROBINSON (reading):

The CHAIRMAN. You said you always had money?

Mr. CAMPAGNA. That is right, sir.

The CHAIRMAN. And I just wondered about the amount of it.

Mr. CAMPAGNA. Well, I don't know.

The CHAIRMAN. Did you have it in a bank?

Mr. CAMPAGNA. No; I did not.

You were referring then to the money you had in the cellar?

Mr. CAMPAGNA. That is right.

Mr. ROBINSON. You wouldn't state that it was more than \$75,000 now?

Mr. CAMPAGNA. No, sir; I wouldn't.

Mr. ROBINSON. You would say it was just about that much?

Mr. CAMPAGNA. I wouldn't even say that. I don't know.

The CHAIRMAN. Thank you, Mr. Campagna.

Mr. CAMPAGNA. Yes, sir.

The CHAIRMAN. You can go home. You will remain under subpoena, but if we need you any more we will get in touch with you.

Mr. CAMPAGNA. Fine and dandy.

Mr. FUSCO. Is this the hot seat?

The CHAIRMAN. That is it.

Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FUSCO. I do.

**TESTIMONY OF JOSEPH CHARLES FUSCO, STEVENS HOTEL,
CHICAGO, ILL.**

Mr. ROBINSON. Will you state your full name, please?

Mr. FUSCO. Joseph Charles Fusco.

Mr. ROBINSON. And where do you live?

Mr. FUSCO. Stevens Hotel, Chicago.

Mr. ROBINSON. What business are you in, Mr. Fusco?

Mr. FUSCO. Liquor business, beer business; wholesale liquor and beer business.

Mr. ROBINSON. What are the companies that you have interests in?

Mr. FUSCO. Gold Seal, Rembrandt, Steel City, Cornell, Bohemian Wine & Liquor Co., Bohemian Brewing Co.

The CHAIRMAN. You went too fast for me.

Mr. FUSCO. Did I?

The CHAIRMAN. What is the Gold Seal?

Mr. FUSCO. Gold Seal Liquors, Inc.

The CHAIRMAN. Is that a manufacturer?

Mr. FUSCO. No, sir; that is a distributing company.

The CHAIRMAN. And Rembrandt, what is that?

Mr. FUSCO. That is another distributing company.

The CHAIRMAN. What is the name of that company?

Mr. FUSCO. Rembrandt Distributing Co.

The CHAIRMAN. Is that liquor distributing?

Mr. FUSCO. Yes, sir.

The CHAIRMAN. Steel City—what is the name of that?

Mr. FUSCO. Steel City Liquor Distributing.

The CHAIRMAN. Cornell?

Mr. FUSCO. Cornell Distributing Co., liquors.

The CHAIRMAN. What is the other one?

Mr. FUSCO. Bohemian Wine & Liquor Co., Bohemian Brewing Co.

The CHAIRMAN. Bohemian Wine & Liquor Co. is a distributing company?

Mr. FUSCO. Yes.

The CHAIRMAN. And the Bohemian Liquor Co., what is that?

Mr. FUSCO. No, no. Bohemian Wine & Liquor is distributing. Bohemian Brewing Co. is a manufacturer of beer.

The CHAIRMAN. Let me ask this question, so I can get oriented. Why do you have all these distributing companies? Why don't you have one company to distribute all of it?

Mr. FUSCO. Well, for various reasons, distribution. After all, you have ten or twelve thousand licensees to service. Some are partnerships, some are corporations.

The CHAIRMAN. They are all located here in Chicago, aren't they?

Mr. FUSCO. No. One of them is in Joliet.

The CHAIRMAN. Which one is in Joliet?

Mr. FUSCO. Bohemian Wine & Liquor Co.

The CHAIRMAN. Are you the president and the principal owner of all these?

Mr. FUSCO. No, sir.

The CHAIRMAN. Are they all corporations?

Mr. FUSCO. Two of them, three of them.

The CHAIRMAN. Which three are corporations?

Mr. FUSCO. The Gold Seal is a corporation. Rembrandt is a corporation. Bohemian Wine & Liquor and the brewery is a corporation. There are four corporations.

The CHAIRMAN. Are you the president?

Mr. FUSCO. No, sir.

The CHAIRMAN. What office do you hold?

Mr. FUSCO. Vice president of Gold Seal and Rembrandt. That is the whole subsidiary of Gold Seal, the same stockholders and the same officers.

The CHAIRMAN. Are you the operating vice president of these companies?

Mr. FUSCO. Well, I would say yes.

The CHAIRMAN. What are you in the Bohemian Wine & Liquor?

Mr. FUSCO. Stockholders.

The CHAIRMAN. Do you have any part in management?

Mr. FUSCO. In sales and management.

The CHAIRMAN. These others, are they partnerships?

Mr. FUSCO. Partnerships; yes, sir.

The CHAIRMAN. Maybe Mr. Robinson is going to get to that.

Mr. ROBINSON. How long have you been in the liquor business, Mr. Fusco?

Mr. FUSCO. You mean working or have been in it?

Mr. ROBINSON. How long has it been that you have had any connection or any interests or any activities connected with the liquor business?

Mr. FUSCO. As far as the beer business, period, I go back many years.

Mr. ROBINSON. Let's go back to the beginning.

Mr. FUSCO. Oh, I would say maybe '23 or '24.

Mr. ROBINSON. What was your connection with the beer business at that time?

Mr. FUSCO. Selling.

Mr. ROBINSON. Selling what?

Mr. FUSCO. Selling beer.

Mr. ROBINSON. Where?

Mr. FUSCO. Chicago.

Mr. ROBINSON. For whom?

Mr. FUSCO. Myself.

Mr. ROBINSON. Anyone else?

Mr. FUSCO. No.

Mr. ROBINSON. Where did you get the beer?

Mr. FUSCO. Bought it from various people.

Mr. ROBINSON. Who were the various people?

Mr. FUSCO. Oh, I bought some beer from a fellow by the name of Nolan. I bought some beer from a fellow by the name of Delaney. I bought beer from, I think, Saltis. I don't know if I recall any other names right now.

Mr. ROBINSON. Were they operating breweries?

Mr. FUSCO. No. I don't think they were. Just miniature.

Mr. ROBINSON. It wasn't nearbeer?

Mr. FUSCO. It wasn't supposed to be.

Mr. ROBINSON. You knew it wasn't?

Mr. FUSCO. Well, I assume it wasn't.

Mr. ROBINSON. You assumed it wasn't.

Mr. FUSCO. Yes.

Mr. ROBINSON. Have you ever lived at 7342 Prairie Avenue?

Mr. FUSCO. Yes, sir.

Mr. ROBINSON. With whom did you live there?

Mr. FUSCO. My wife.

Mr. ROBINSON. Anyone else?

Mr. FUSCO. Two children.

Mr. ROBINSON. Did Mrs. Capone live there?

Mr. FUSCO. No.

Mr. ROBINSON. Did you ever live at her house?

Mr. FUSCO. No, sir.

Mr. ROBINSON. You knew Al Capone?

Mr. FUSCO. Yes, sir.

Mr. ROBINSON. How long did you know him?

Mr. FUSCO. Oh, I don't know. I guess shortly after I moved into 7342.

Mr. ROBINSON. How did you meet him?

Mr. FUSCO. I think I was over to the house one day, over at his mother's house.

Mr. ROBINSON. You knew his mother before you met him?

Mr. FUSCO. Yes.

Mr. ROBINSON. What was your connection with him?

Mr. FUSCO. I had no connection with him.

Mr. ROBINSON. No business connection?

Mr. FUSCO. No.

Mr. ROBINSON. It was purely social?

Mr. FUSCO. If that is what you want to call it?

Mr. ROBINSON. No; I want you to call it.

Mr. FUSCO. I mean, I would see him to say hello to him.

Mr. ROBINSON. Were you ever in the trucking business?

Mr. FUSCO. Was I?

Mr. ROBINSON. Yes.

Mr. FUSCO. Well, I would say no, but I was one of the officers of a trucking company. It was just a dummy.

Mr. ROBINSON. What was the trucking business doing? What was its principal business?

Mr. FUSCO. At that time the trucking business was hauling groceries for the A. & P., hauling paint for Armstrong Paint & Varnish Co., hauling milk for Bowman.

Mr. ROBINSON. Did you ever haul any beer in it?

Mr. FUSCO. Yes.

Mr. ROBINSON. How large was your beer trucking business compared to the ones you have just named?

Mr. FUSCO. Very small.

Mr. ROBINSON. Very small. When was that?

Mr. FUSCO. I guess it was around '19 or '20.

Mr. ROBINSON. Did you get any revenue from the beer trucking business?

Mr. FUSCO. No. I was only working for a salary as a truck driver. I had no interest in the company.

Mr. ROBINSON. Weren't you running the trucks for Capone's beer?

Mr. FUSCO. Capone's beer?

Mr. ROBINSON. Yes.

Mr. FUSCO. I am talking about the Worlds Motor Service Co.

Mr. ROBINSON. I understood you built a truck.

Mr. FUSCO. I built a truck for the Worlds Motor Service.

Mr. ROBINSON. You never were in the business of transporting beer for Capone?

Mr. FUSCO. No.

Mr. ROBINSON. Never at any time?

Mr. FUSCO. No.

The CHAIRMAN. Canadian Ace?

Mr. FUSCO. No.

The CHAIRMAN. Did you transport Canadian Ace?

Mr. FUSCO. No. Canadian Ace, no.

Mr. HALLEY. Did you know Al Capone?

Mr. FUSCO. Yes.

Mr. HALLEY. When did you first meet him?

Mr. FUSCO. About 1924, I think it was.

Mr. HALLEY. Did you ever have any business dealings with Al Capone?

Mr. FUSCO. No, sir.

Mr. HALLEY. Of any kind or nature?

Mr. FUSCO. No, sir.

Mr. HALLEY. You knew Louis Greenberg?

Mr. FUSCO. Yes.

Mr. HALLEY. Did you have any business dealings with Louis Greenberg?

Mr. FUSCO. Yes; I bought beer off him.

Mr. HALLEY. Starting when?

Mr. FUSCO. I would think it was when beer first came back.

Mr. HALLEY. 1932 or 1933?

Mr. FUSCO. 1933.

Mr. HALLEY. Do you know Johnnie Torrio?

Mr. FUSCO. Yes.

Mr. HALLEY. Did you ever have any business dealings with him?

Mr. FUSCO. Yes; I did.

Mr. HALLEY. What was their nature?

Mr. FUSCO. I had some business with Johnnie Torrio in New York. I purchased some whisky from the company that he was supposed to have been connected with.

Mr. HALLEY. In what year?

Mr. FUSCO. Possibly 1934 or 1935, 1936. I am not positive.

Mr. HALLEY. You were convicted in 1924 of a prohibition violation; is that right?

Mr. FUSCO. Yes.

Mr. HALLEY. In connection with what was that?

Mr. FUSCO. Going back to Mr. Robinson there, I was an officer of this cartage company, in which I had no investment or interest in there. I think when I signed those papers I was 18 years old. I was

working for this company, just in forming a corporation. I was one of the fellows to make up the three to make a corporation, would you say? When I stopped working for the Worlds Motor Service Co., not knowing too much about corporations or anything like that, I even forgot I was ever an officer there. In 1924 or whenever that time happened, they found some whisky in this company's garage. On account of my being an officer, I was arrested as being one of the officers.

Mr. HALLEY. You testify in any event that you were in the beer business during prohibition?

Mr. FUSCO. That is why I specified beer.

Mr. HALLEY. But not whisky?

Mr. FUSCO. No.

Mr. HALLEY. It was illegal beer?

Mr. FUSCO. I suppose it was.

Mr. HALLEY. You say you dealt entirely by yourself with no partners?

Mr. FUSCO. A few customers.

Mr. HALLEY. Who were your customers?

Mr. FUSCO. Oh, I don't know; various fellows around.

Mr. HALLEY. Where did you buy your beer?

Mr. FUSCO. I just got through telling him, three or four fellows I bought the beer from.

Mr. FUSCO. Who?

Mr. FUSCO. Saltis was one of them.

Mr. HALLEY. Who is Saltis?

Mr. FUSCO. Saltis. A fellow by the name of Jack Nolan, a fellow by the name of Bert Delaney. I use to give them my orders. They would deliver the beer. I would make the collections and I would pay them.

Mr. HALLEY. You didn't truck it at all?

Mr. FUSCO. No.

Mr. HALLEY. Did you have any other business during the prohibition days, except the beer business?

Mr. FUSCO. No.

Mr. HALLEY. In other words, the foundation for the Fusco fortunes are in bootlegging beer and prohibition. Would that be correct?

Mr. FUSCO. I wouldn't say that.

Mr. HALLEY. What would you say?

Mr. FUSCO. Where are you going back from?

Mr. HALLEY. 1934.

Mr. FUSCO. What do you mean by "fortune"? Are you going back prior to 1932?

Mr. HALLEY. How old are you today?

Mr. FUSCO. I am 48 years old.

Mr. HALLEY. In 1932 you were 30 years old?

Mr. FUSCO. No.

The CHAIRMAN. In 1932 you would have been 30 years old.

Mr. FUSCO. That is right, born in 1902.

Mr. HALLEY. Up to the age of 30, until prohibition was repealed, your sole business was bootlegging; is that right?

Mr. FUSCO. Practically, from 1924.

Mr. HALLEY. What was your net worth, say, in 1933?

Mr. FUSCO. I don't know, offhand.

Mr. HALLEY. Were you worth \$100,000?

Mr. FUSCO. I don't think so.

Mr. HALLEY. Were you worth \$50,000?

Mr. FUSCO. I would say maybe \$30,000 or \$35,000.

Mr. HALLEY. Thirty or thirty-five thousand dollars.

Mr. FUSCO. Possibly that.

Mr. HALLEY. Then, what business did you go into when prohibition was repealed?

Mr. FUSCO. Then I went to working for a beer-distributing company, Drexel Beverage.

Mr. HALLEY. Who owned Drexel Beverage?

Mr. FUSCO. A fellow by the name of House.

Mr. HALLEY. House?

Mr. FUSCO. Yes. I think it was Colonel House.

Mr. HALLEY. Who else was connected with it, and where was it located?

Mr. FUSCO. I don't know who else was connected with it.

Mr. HALLEY. How did you get connected with it?

Mr. FUSCO. House.

Mr. HALLEY. What were you, a salesman?

Mr. FUSCO. Yes.

Mr. HALLEY. On a commission basis?

Mr. FUSCO. I was getting a salary, I think.

Mr. HALLEY. What was your salary?

Mr. FUSCO. \$100 a week.

Mr. HALLEY. Did you ever work for the S. & L. Motor Co.?

Mr. FUSCO. Well, I sold some cars and made a little commission, but I didn't exactly work for them.

Mr. HALLEY. During what years?

Mr. FUSCO. Prior to repeal.

Mr. HALLEY. Whom did you sell cars to?

Mr. FUSCO. I don't know, various people. I wouldn't know.

Mr. HALLEY. You had various connections you could sell cars to; is that right?

Mr. FUSCO. I suppose; yes.

Mr. HALLEY. Did you ever sell a car to Tony Accardo?

Mr. FUSCO. No, sir.

Mr. HALLEY. Al Capone?

Mr. FUSCO. No, sir.

Mr. HALLEY. Ralph Capone?

Mr. FUSCO. No, sir.

Mr. HALLEY. Jack Guzik?

Mr. FUSCO. No, sir.

Mr. HALLEY. Hymie Levin?

Mr. FUSCO. No.

Mr. HALLEY. Fred Delaney?

Mr. FUSCO. No.

Mr. HALLEY. Whom did you sell cars to?

Mr. FUSCO. The chances are I didn't sell more than 10 cars.

Mr. HALLEY. Whom did you sell 10 to?

Mr. FUSCO. Then I may have sold one to a brother-in-law of mine or something, various people that you met. Take them in and tell them to buy a Ford and get a little commission out of it.

Mr. HALLEY. Who were some of them?

Mr. FUSCO. I just couldn't remember. You are going back 18 or 20 years.

Mr. HALLEY. During the prohibition days, where did you get your protection? You were selling beer and couldn't just run around Chicago selling beer without having some protection; could you?

Mr. FUSCO. I didn't need no protection.

Mr. HALLEY. Why not?

Mr. FUSCO. I just walked down a street like anybody else.

Mr. HALLEY. And sell beer, in competition with Capone?

The CHAIRMAN. Did you sell whisky, too?

Mr. FUSCO. No, sir. I never sold whisky. I walked down a street and walked into a man's place and took an order for five barrels of beer and walked out. What protection would I need?

Mr. HALLEY. You testified a while ago you used to see Capone up in the Lexington Hotel sometimes.

Mr. FUSCO. I don't think I was in the Lexington Hotel twice in my life. I would see him.

Mr. HALLEY. Did you see him there?

Mr. FUSCO. Yes.

Mr. HALLEY. Did you ever talk about the beer business with Capone?

Mr. FUSCO. No.

Mr. HALLEY. At no time?

Mr. FUSCO. The only time I ever talked to Capone was, I think, one time I may have asked him if he knew where I could get some beer, and I think he sent me over to Delaney.

Mr. HALLEY. So, you got to Delaney through Capone?

Mr. FUSCO. I am pretty sure.

Mr. HALLEY. How about the other people you bought beer from?

Mr. FUSCO. Just happened to meet those fellows.

Mr. HALLEY. Through whom?

Mr. FUSCO. Just knew who they were and went up to them.

Mr. HALLEY. Did you ever clear with Capone the fact that you were buying beer from them?

Mr. FUSCO. No.

Mr. HALLEY. You never spoke to Capone about it at all?

Mr. FUSCO. No, sir.

Mr. HALLEY. How about Charlie Fischetti? Did you know him during your beer-dealing days?

Mr. FUSCO. I knew him, but I never had any dealings with him.

Mr. HALLEY. You never discussed the beer business with him in any way?

Mr. FUSCO. No.

Mr. HALLEY. Did you ever have a talk with Tony Accardo about the beer business?

Mr. FUSCO. No, sir.

Mr. HALLEY. Did you know Louis Campagna in those days?

Mr. FUSCO. I knew him to see him around.

Mr. HALLEY. In 1930, 1938?

Mr. FUSCO. Just knew him when I saw him around.

Mr. HALLEY. Did you know John Roselli?

Mr. FUSCO. I met Johnnie in Chicago here once.

Mr. HALLEY. How did you happen to meet Johnnie?

Mr. FUSCO. I don't know. Maybe I saw him around Chicago here?

Mr. HALLEY. Up at the Lexington Hotel?

Mr. FUSCO. I don't think at the Lexington. I may have met him at the Chez Paree somewhere; somewhere, a night club or restaurant.

Mr. HALLEY. Then we get to 1933 and you got this job selling beer. How long were you in that position?

Mr. FUSCO. I was in there until—I was there until I got sick. I got sick in early 1934. In early 1934, I got sick and I went away for 5 or 6 months.

Mr. HALLEY. At that time there was a lawsuit pending against you, wasn't there, by the city of Chicago?

Mr. FUSCO. A lawsuit?

Mr. HALLEY. Yes; beer taxes.

Mr. FUSCO. The city of Chicago?

Mr. HALLEY. Yes.

Mr. FUSCO. What would the city of Chicago have to do with beer taxes?

Mr. HALLEY. Sales taxes.

Mr. FUSCO. No, sir. If you are talking about anything, it was a Federal tax.

Mr. HALLEY. Was it a Federal tax? When was that begun?

Mr. FUSCO. I don't know. It went back to the first day of prohibition to repeal.

Mr. HALLEY. You and Delaney were in it; were you not?

Mr. FUSCO. In what?

Mr. HALLEY. In this tax case; is that right?

Mr. FUSCO. I don't know if Delaney was in the tax case or not.

Mr. HALLEY. You were in it?

Mr. FUSCO. Yes.

Mr. HALLEY. Capone was in it?

Mr. FUSCO. Yes.

Mr. HALLEY. Ralph Capone and Al Capone both; is that right?

Mr. FUSCO. Yes.

Mr. HALLEY. Jack Guzik was in it?

Mr. FUSCO. I think so.

Mr. HALLEY. Hymie Levin was in it?

Mr. FUSCO. Yes.

Mr. HALLEY. And Bert Delaney was in it?

Mr. FUSCO. Was he? I don't remember.

Mr. HALLEY. August Dolt?

Mr. FUSCO. Yes.

Mr. HALLEY. Do you know him?

Mr. FUSCO. I think I remember the name now.

Mr. HALLEY. Was George A. Howlett in it?

Mr. FUSCO. Yes.

Mr. HALLEY. Who is he?

Mr. FUSCO. George Howlett?

Mr. HALLEY. Yes.

Mr. FUSCO. Some fellow around Chicago. I don't know.

Mr. HALLEY. Nicolas Juffra?

Mr. FUSCO. Yes.

Mr. HALLEY. Was he in the beer business with you?

Mr. FUSCO. No.

Mr. HALLEY. Was he in the beer business?

Mr. FUSCO. No; he was in the cartage business. That is how his name happened to get into that I think.

Mr. HALLEY. How about Mike Lopristi?

Mr. FUSCO. He was never in it.

Mr. HALLEY. He was never in it?

Mr. FUSCO. Not that I know of.

Mr. HALLEY. He was convicted.

Mr. FUSCO. I can't help it.

Mr. HALLEY. You don't know him?

Mr. FUSCO. Huh?

Mr. HALLEY. Did you know him?

Mr. FUSCO. I know of him, but I say I don't think he was in the beer business. That is what you asked me.

Mr. HALLEY. How about Charles Fuehrmeyer?

Mr. FUSCO. Yes.

Mr. HALLEY. Did you know him?

Mr. FUSCO. Yes. He wasn't in the beer business.

Mr. HALLEY. John Nolan?

Mr. FUSCO. Jack Nolan. He was in the beer business.

Mr. HALLEY. Was he in the beer business?

Mr. FUSCO. He is one of the fellows I told you I bought beer from.

Mr. HALLEY. And Steve Swoboda?

Mr. FUSCO. Swaboda? I think he was a truck driver.

Mr. HALLEY. At least when the Government brought this case against you, they had included in it two of the fellows you bought beer from, so they probably would get them pretty well included, wouldn't they?

Mr. FUSCO. The only thing the Government had to do was go in and take all the raids of all the time during prohibition and just put everybody's name in there. That is all they had to do. They didn't have to do anything else.

Mr. HALLEY. We can save a lot of time——

Mr. FUSCO. I was never with any beer.

Mr. HALLEY. We can save a lot of time. Mr. Robinson, the chairman, and I intend going into and finding out about the ramifications of your present business, and I presume we are not going to have any trouble about it. It is all a matter of record and you are here to talk freely.

Mr. FUSCO. That is right.

Mr. HALLEY. You have made it perfectly clear that you were in the beer business up to the repeal of prohibition.

Mr. FUSCO. Don't say beer business. I was in the beer business. That was in the beer business. That takes in more than just being in the beer business. I said that I sold beer.

Mr. HALLEY. That is exactly what I am trying to find out; how far in the beer business were you?

Mr. FUSCO. That is all, just selling, not manufacturing and not hauling.

Mr. HALLEY. I wasn't in Chicago in 1932, and I have to get the picture from what you and other witnesses say.

Mr. FUSCO. That is right.

Mr. HALLEY. But from the testimony we have heard it hardly sounds probable that a man would be in the beer business in 1932 unless he stood pretty well with Al Capone and had clearance. I gather that you had some clearance and that Capone told you to go to Delaney

and Delaney would sell beer. There must have been some significance to that.

The CHAIRMAN. What happened to this tax case?

Mr. HALLEY. It was dismissed as against Mr. Fusco and some were convicted.

The CHAIRMAN. It was settled? How much did you pay out?

Mr. FUSCO. I think I paid \$6,000. It was settled for 40, and I think I paid six. Don't you have a record of the settlement there?

The CHAIRMAN. Yes, we have it here. I thought you would know.

Mr. FUSCO. I think it was six, wasn't it?

Mr. HALLEY. Then you got sick and you went away for 6 months. When you came back what business did you go into?

Mr. FUSCO. When I came back I went to work for Gold Seal.

Mr. HALLEY. Who then had Gold Seal?

Mr. FUSCO. William Gamble, Louis Alpern, Marion Hicks.

Mr. HALLEY. When had they organized it?

Mr. FUSCO. Some time in 1934, I guess.

Mr. HALLEY. You have been with Gold Seal ever since, is that right?

Mr. FUSCO. That is right.

Mr. HALLEY. When did you go into your next business venture?

Mr. FUSCO. Taking me out of Gold Seal now? I am working for Gold Seal.

Mr. HALLEY. That is right. We will go back and take them all but I want to get into each venture chronologically.

The CHAIRMAN. What did you do with Gold Seal? Did you sell at that time?

Mr. HALLEY. Do you prefer to finish up Gold Seal?

Mr. FUSCO. Yes, I want to stay with Gold Seal.

Mr. HALLEY. Let's stay with it.

Mr. FUSCO. We started in 1935.

Mr. HALLEY. Did you make an investment at that time?

Mr. FUSCO. No, sir, I only worked.

Mr. HALLEY. How did you go in, as salesman?

Mr. FUSCO. I worked as a salesman on a bonus.

Mr. HALLEY. At what salary?

Mr. FUSCO. I think \$75 or something like that.

Mr. HALLEY. What is the history of your relationship with Gold Seal? Why don't you go ahead and tell it. I think that probably would be faster.

Mr. FUSCO. I went in there and went to work for Gold Seal as salesman in charge of sales, working with salesmen, working on accounts that I had of my own. That went on for many years until I think it was in 1942 Gold Seal had some trouble, I think it was around 1938 or 1939, because Yellowby claimed I was in control and I was supposed to have been the manager or something and didn't notify the Government on the basic permit that I became manager, which was not true. I was no different in 1939 than I was in 1936, or any other time. So we had a few hearings on it here, and we had some hearings in Washington, and they decided that they were getting some complaints from competitors that they would want to see me in there as a stockholder and officer so they would get rid of being annoyed by these letters. What they did was asked me to go in as an officer, which I did, and I think that was in 1942.

Mr. HALLEY. Did you own any stock at that point?

Mr. FUSCO. I bought some at that point.

Mr. HALLEY. How much did you buy?

Mr. FUSCO. Either 125 or 150 shares.

Mr. HALLEY. Out of how many outstanding?

Mr. FUSCO. Sir?

Mr. HALLEY. Out of how many outstanding?

Mr. FUSCO. I don't know what the outstanding was.

Mr. HALLEY. What percentage of Gold Seal do you own today?

Mr. FUSCO. Today? May 25 or 26.

The CHAIRMAN. Percent?

Mr. FUSCO. Yes.

Mr. HALLEY. How many shares do you own altogether today?

Mr. FUSCO. 3,100.

Mr. HALLEY. 3,100?

Mr. FUSCO. What they have done is, we have taken and——

Mr. HALLEY. Split it?

Mr. FUSCO. No; we didn't split it, but we took the earned surplus and issued stock against that. So we turned it in and I forgot how many we have, but the percentage is the same. Only I have that many more shares.

I think Mr. Robinson has a record that I sent over here from Mr. Heller which will show you exactly how many shares I had there.

The CHAIRMAN. Can we put that letter in the record?

Mr. FUSCO. Don't you have it there, from Mr. Heller?

The CHAIRMAN. Mr. Fusco, I know we have investigated you already a great deal. We would like to get some of these records together and maybe we can shorten the hearing.

Mr. FUSCO. I have most all of them there, 3,503.

The CHAIRMAN. Would it be convenient for you to come back at 7:30 or at 9 o'clock in the morning, which would be more convenient?

Mr. FUSCO. It would be convenient for me to come back at any time you gentlemen want me here.

The CHAIRMAN. Will you be back at 7:30?

Mr. FUSCO. This evening?

The CHAIRMAN. Yes.

Mr. FUSCO. Yes, sir. I want to get it over with. It has to come sooner or later.

The CHAIRMAN. Before you leave let me ask to get one or two things straight. You own 25 or 26 percent of Gold Seal?

Mr. FUSCO. Something like that.

The CHAIRMAN. What size corporation is that? Is it a million dollar corporation?

Mr. FUSCO. Oh, no. It is at least \$2,000,000 or more.

The CHAIRMAN. \$2,000,000 plus.

Mr. FUSCO. Yes. We have some statements here that we sent over.

The CHAIRMAN. What percentage of Rembrandt distributing do you own?

Mr. FUSCO. It would be the same percentage because Gold Seal owns the whole thing.

The CHAIRMAN. When you say \$2,000,000 you are including Rembrandt too?

Mr. FUSCO. Yes, sir.

The CHAIRMAN. How about the Steel City Liquor Distributors?

Mr. FUSCO. That is a partnership. I own 20 percent.

The CHAIRMAN. What is the total worth of that outfit, approximately?

Mr. FUSCO. Well, gee, I don't know.

The CHAIRMAN. On today's market what you think it is worth.

Mr. FUSCO. It all depends on how much inventory they have. There is a building there. There is a building and inventory. According to the inventory.

The CHAIRMAN. What would be your best guess? What would you sell your 20-percent interest for if you wanted to sell?

Mr. FUSCO. Out there?

The CHAIRMAN. Yes.

Mr. FUSCO. Oh, gee, I couldn't set a price on it.

Mr. HALLEY. What are we talking about, Gold Seal?

The CHAIRMAN. No, Steel City. Is it a \$100,000 partnership?

Mr. FUSCO. We have a building, trucks, and everything else. I would say at least it is worth that.

The CHAIRMAN. Cornell Distributing Co.

Mr. FUSCO. I have 45 percent of that.

The CHAIRMAN. And how big an outfit is that?

Mr. FUSCO. That is as big as Steel City.

The CHAIRMAN. How about Bohemian Wine & Liquor Co.? How much of that do you own?

Mr. FUSCO. I think 20 percent.

The CHAIRMAN. How big a corporation is that?

Mr. FUSCO. I will give you 50 cents on every dollar that I have invested there.

The CHAIRMAN. Is it a million-dollar corporation?

Mr. FUSCO. It is nothing. It has no worth at all.

The CHAIRMAN. It must be some worth.

Mr. FUSCO. Sure, there is a building and property and everything else. According to book value, I would say it is worth three or four hundred thousand dollars. The only trouble——

The CHAIRMAN. How about Bohemian Brewing Co.?

Mr. FUSCO. That is the same thing. That is all one business. We have them separated because the brewery can't be in it——

The CHAIRMAN. What is your net worth today, Mr. Fusco?

Mr. FUSCO. Net worth? You mean all my holdings and everything?

The CHAIRMAN. All your property and everything.

Mr. FUSCO. Seven or eight hundred thousand.

The CHAIRMAN. Close to a million.

Mr. FUSCO. Well, I wouldn't know, possibly that.

The CHAIRMAN. Is it all in your name or in your and your wife's name?

Mr. FUSCO. My name.

The CHAIRMAN. We will see you at 7:30, Mr. Fusco. Thank you, sir.

The CHAIRMAN. Are you Mr. Gilbert? I am Senator Kefauver. Mr. Gilbert, will you be sworn? Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GILBERT. I do.

**TESTIMONY OF CAPT. DANIEL A. GILBERT, CHIEF INVESTIGATOR,
STATE'S ATTORNEY'S OFFICE, COOK COUNTY, ILL.**

The CHAIRMAN. Let the record show that Mr. Gilbert was not subpoenaed to come before the committee, but his name has been used in connection with this committee's investigation; so, following our usual policy wherever that happens, we give anybody an opportunity of coming in. We invited Mr. Gilbert to come if he wanted to. We didn't ask you to come, and you have come of your own free will and accord. Is that correct?

Mr. GILBERT. Yes, sir.

The CHAIRMAN. You may make any explanation or answer any questions that you wish.

Mr. GILBERT. I would like to explain my reason for coming.

The CHAIRMAN. If you want to make any preliminary statement, that will be quite all right, sir.

Mr. GILBERT. My reason for wanting to appear before the committee is the fact that the press has been carrying stories that I was invited in and declined the invitation. It might compromise your committee as well as myself. I said at the outset that I would cooperate 100 percent with the committee. In fact I am chief investigator of Cook County. I felt as though I would be doing my duty to come here.

The CHAIRMAN. There is no doubt you can give us a lot of helpful information, Mr. Gilbert.

Mr. GILBERT. I will be glad to, if I can.

The CHAIRMAN. All right, Mr. Robinson or Mr. Halley let's get going here.

Mr. HALLEY. Mr. Gilbert, I think the precise point about which this committee would want to talk to you is a point on which you have been questioned before I am sure on many occasions, and that is could you fix a point at which you began to amass income in excess of that of your salary and explain to the committee how you began to amass that income and the opportunities which came your way. Perhaps by way of preface you would like to tell the committee how long you have been in your present position, the previous positions you have held, and the salaries of those positions.

Mr. GILBERT. To start back, I represented a labor organization from 1913 to 1917. I entered the police department in 1917.

Mr. HALLEY. What labor organization?

Mr. GILBERT. Local 725 of the Baggage and Parcel Delivery Drivers.

Mr. HALLEY. What was your position?

Mr. GILBERT. Secretary-treasurer of that organization. I left after 4 years. Then I entered the police department. I was a police officer.

The CHAIRMAN. Are you a native of Chicago?

Mr. GILBERT. Yes, sir. I was born and raised here.

The CHAIRMAN. How old are you?

Mr. GILBERT. I am 61 years old.

The CHAIRMAN. All right, sir. Go ahead.

Mr. GILBERT. I entered the police department in 1917, and about 5 years later I was promoted to sergeant. The following year I was promoted to lieutenant and then I was promoted to captain in 1926.

I served in that position until 1931 when I was made supervising captain. I served in that position for 2 years and was made chief investigator for the State's attorney's office.

The CHAIRMAN. Let's get this a little bit slower.

Mr. GILBERT. I beg your pardon.

The CHAIRMAN. You entered the police department in 1917. The following year—

Mr. GILBERT. No; 5 years later I became sergeant.

The CHAIRMAN. Then you became captain in 1927?

Mr. GILBERT. January 6, 1926.

The CHAIRMAN. Then you became what?

Mr. GILBERT. Supervising captain in 1931.

The CHAIRMAN. Next?

Mr. GILBERT. And then chief investigator for the State's attorney's office of Cook County.

The CHAIRMAN. Who appointed you?

Mr. GILBERT. Thomas Courtney.

The CHAIRMAN. What year was that?

Mr. GILBERT. That was in 1932, December 5.

The CHAIRMAN. You have been there ever since?

Mr. GILBERT. Yes, sir.

The CHAIRMAN. I think it would be well for you to explain your duties as the chief investigator for the prosecuting attorney of Cook County, is that it?

Mr. GILBERT. Yes, sir.

The CHAIRMAN. What are your duties?

Mr. GILBERT. When a crime has been committed in any district of the city of Chicago or any town in the county of Cook and the State's attorney's office is notified of that crime, immediately an assistant State's attorney is sent to the respective district or town where the crime is committed, and it is my duty to assign police officers to accompany that assistant State's attorney for the purpose of doing leg work and correlating and working with the officers or the sheriff or the chief of police, whatever town the crime may have happened in, to preserve all evidence, to secure witnesses, to take statements. In the event persons have fled the jurisdiction, to notify the authorities to put a stop on it, the detective bureau, to obtain warrants and to go before the grand jury to get indictments. It is my duty to question witnesses and to remain with that case from its inception until its completion before a petit jury or a court. I have also the duty during the case, in the event any witnesses change their minds or have a faulty memory, to interview and take statements from those witnesses. Never at any time is it intended that the chief investigator should be an arresting officer. That is the duty of the police department and also the duty of the service officer. I make that statement because of the fact that the press say I never made any arrests. I made a number of arrests and sent a number of gangsters to the penitentiary.

The CHAIRMAN. It is not the duty of the chief investigator or his staff to be the arresting officer, is that right?

Mr. GILBERT. That is right.

The CHAIRMAN. Mr. Boyle testified the other day that he had gone out and raided a number of places.

Mr. GILBERT. I would raid them, Senator, when the sheriff or chiefs of police in the respective towns, the law enforcement officers and agencies, would fall down or become inefficient. Then it would be my

assignment to direct men to proceed to different parts of the county and make arrests.

The CHAIRMAN. If they won't or don't do it, then you step in?

Mr. GILBERT. That is right.

The CHAIRMAN. You said you had arrested a number of gangsters. I have seen it stated around here that you have been in this office 18 years and you never had arrested any of these big-time hoodlums.

Mr. GILBERT. In the kidnapping of different men we have arrested the Touhy mob, a notorious group up in the northwest part of the county. Bankhart, in Alcatraz at the present time, Basil Bankhart—

The CHAIRMAN. What did you arrest him for?

Mr. GILBERT. Kidnaping of Jake Factor.

The CHAIRMAN. Who else?

Mr. GILBERT. A fellow named Kator.

The CHAIRMAN. What for?

Mr. GILBERT. For kidnaping.

The CHAIRMAN. All in the same group?

Mr. GILBERT. Roger Touhy, also.

The CHAIRMAN. This was all in the same gang?

Mr. GILBERT. Yes, Roger Touhy. A fellow named Gus Schafer.

The CHAIRMAN. Any others?

Mr. GILBERT. At different times the men under my command would arrest Frank Nitti for invading the labor council of the bartenders union, for raiding the union to take over control of the bartenders union.

The CHAIRMAN. Extortion of the bartenders union?

Mr. GILBERT. He just took over and took charge and started to run the affairs of the union.

The CHAIRMAN. What was the charge against him?

Mr. GILBERT. I think it was extortion—I forget just what the charge was.

Mr. HALLEY. Was he convicted of that?

Mr. GILBERT. No; he was tried before a grand jury; he was indicted and went before the court, was tried, and the witness who offered the testimony at the grand jury turned and refused to identify him.

Mr. HALLEY. He was acquitted?

Mr. GILBERT. He was acquitted at that time; yes.

Mr. HALLEY. Later he was murdered?

Mr. GILBERT. No; he committed suicide. Thomas Maloy—

Mr. HALLEY. Who is he?

Mr. GILBERT. He was business agent of the movie-picture operators union. I arrested at that time six or seven of the top hoodlums in town: A fellow named Johnnie Maddox, a fellow named Les Cain, and the other names I forget now.

Those were all when the cases happened. There are about 78 men who are assigned to the State's attorney's office.

The CHAIRMAN. They work under you?

Mr. GILBERT. Yes, sir. There are 24 of those men who have permanent details. The rest of those men work on these cases that I have cited before.

The CHAIRMAN. What are these permanent details you talk about?

Mr. GILBERT. There is warrant clerk, the men in the witness room, the secretary, there is a sergeant in the squad room, there are four

men in the West Side office, there are two men in the downtown office, there are three men who drive Mr. Boyle, two men that I have to drive me.

The CHAIRMAN. Then that leaves about 50.

Mr. GILBERT. About 50.

The CHAIRMAN. About 53 or 54. Specifically, it is said around here that you never arrested Capone or Fischetti or Guzik.

Mr. GILBERT. Guzik was arrested once by members of my command, by Joe Heely.

The CHAIRMAN. Mr. Gilbert, talk a little louder.

Mr. GILBERT. I beg your pardon, Senator.

The CHAIRMAN. Who was arrested once?

Mr. GILBERT. Guzik was arrested once by Joe Heely and McNamara, at my direction, in front of the Congress Hotel.

The CHAIRMAN. What for?

Mr. GILBERT. Just walking down the street.

The CHAIRMAN. Is there any further explanation or statement you want to make?

Mr. GILBERT. Yes, sir; I would like to make the statement it is the duty of the police department and the duty of the sheriff's office to make arrests. The men who are assigned to my command have specific cases that they work on. Their salary is the same as mine, as a police officer of the city of Chicago. If they see any of these men violate the law or commit a crime it is their duty to make an arrest. It is my duty to follow up after an arrest is made to see that the prosecution and the evidence is preserved and it is taken care of all the way to the completion of the case. Most of my time is spent in the office out at the West Side. I wouldn't be roaming around the streets of the city of Chicago to make those arrests.

The CHAIRMAN. Do you have any hesitation about arresting any of the Capones or any of the Fischettis or Guzik or any of those people?

Mr. GILBERT. No, sir; I have not. I took Frank Diamond out of a barber shop on Randolph Street one day and arrested him.

The CHAIRMAN. You did what now?

Mr. GILBERT. I took Frankie Diamond out of a barber shop.

The CHAIRMAN. I didn't understand.

Mr. GILBERT. A fellow named Frankie Diamond. I think he is the brother-in-law or some relation to Capone. He was convicted in that case in New York.

The CHAIRMAN. You took Frankie Diamond?

Mr. GILBERT. Out of a barber shop on Randolph Street.

The CHAIRMAN. What has that to do with Fischetti?

Mr. GILBERT. He is in that Fischetti group.

The CHAIRMAN. You have no hesitation and no fear of arresting them?

Mr. GILBERT. No; I have not. In fact, I never saw Fischetti on the streets of Chicago I think but once in my life. I think then he was coming out of a show with his wife. I don't know whether it was his wife. He came out with a girl.

The CHAIRMAN. Campagna and others have testified about running places over in Cicero, apparently wide open. Why didn't you do something about them?

Mr. GILBERT. I wouldn't have anything to do with that. It would be up to the sheriff, unless the sheriff or the chief of police in that re-

spective town failed to do his duty and the State's attorney called me in and told me to make the arrest. Then I would make the arrest. We have made a lot of arrests in Cicero. We have broken up a lot of places in Cicero. I think, if my memory serves me right, the chief of police was indicted out there. I know there were six or seven chiefs of police indicted in the country towns.

The CHAIRMAN. Did you handle those cases?

Mr. GILBERT. Yes, sir.

The CHAIRMAN. Do you have to have an order from the State's attorney before you go out and do something, or can you do it on your own?

Mr. GILBERT. I would be so busy working on the general routine, the general cases that take place, that if an epidemic broke out or if we were alerted and notified that an evil existed, then he would call it to my attention and then we would take action, if we receive some word by either telephone or an anonymous letter.

The CHAIRMAN. If you got an anonymous letter or a telephone message that something was going on out in the county outside of the city, or even in the city or one of these municipalities, and they weren't doing anything about it, would you first get in touch with the chief of police in that city before you would act?

Mr. GILBERT. That is the procedure that is followed. When I see an anonymous letter or a telephone call that a violation exists in a town or the city of Chicago, if it was a letter I write across that letter "Commissioner of Police Pendergast." That letter would be sent to the commissioner's office and a return would be made and a report made back to our office what action was taken by the captain in the respective district wherein that violation existed. That same thing applies to the country towns, or if it was in an incorporated area, it would be sent to the sheriff. If it was a small town it would be sent to the chief of the small town and also sent to the sheriff. They in turn would submit a report as to what action was taken.

The CHAIRMAN. What if you weren't satisfied with the action?

Mr. GILBERT. I wouldn't know. If they eliminated the evil, if they eradicated the evil and there were no further complaints, we take it for granted it was eliminated; but if the epidemic, several letters or reports came in on that, then we would take cognizance of that and take action. We would make the arrests.

The CHAIRMAN. Do you know these people, Mr. Gilbert, the Fischettis and Guzik and Murray Humphreys?

Mr. GILBERT. Yes; I know them from seeing them.

The CHAIRMAN. I mean have you ever had any relationship with them?

Mr. GILBERT. No, sir; I never did.

The CHAIRMAN. No business relationships whatsoever?

Mr. GILBERT. No, sir; none whatsoever.

The CHAIRMAN. Are you under any obligation to them?

Mr. GILBERT. No; I am not.

The CHAIRMAN. What do you think the trouble here is in Cook County in law enforcement? We have had a lot of trouble. We have had a lot of these people here, there are a lot of gambling operations.

Mr. GILBERT. There are no gambling operations now in the city of Chicago. There has been some in the county in the last——

The CHAIRMAN. I think it is fair to say, as I said the last time we were here, that there has been some improvement made in the city. The county outside of the city may have had some improvement but it is still in pretty bad shape.

Mr. GILBERT. That is right.

The CHAIRMAN. What is the trouble with it?

Mr. GILBERT. The trouble is because the law-enforcement agencies fall down on it. It is the sheriff's duty to suppress gambling, and the chiefs of police in the respective towns. There is an all-out duty on the part of all enforcement agencies, the judicial as well as the State's attorney's office and the police department, to cooperate and eliminate and eradicate that.

The CHAIRMAN. Has it gotten better?

Mr. GILBERT. Oh, yes; yes; it has.

The CHAIRMAN. What has made it better?

Mr. GILBERT. It is better because of the fact that our office has made a number of arrests. I think around 500 or 600 slot machines the first of the year were taken. We made a number of arrests. I think we indicted two chiefs of police since the first of the year, the chief of police of Calumet City and the chief of police of Melrose Park. We sent for different chiefs of police at other times to warn them of the evil that existed in their district.

The CHAIRMAN. The chief of police of Calumet City and where else?

Mr. GILBERT. Melrose Park.

The CHAIRMAN. You didn't convict them?

Mr. GILBERT. They were tried by a jury, Senator, and the evidence was presented. There were 10 chiefs of police that we tried. I think at one time we tried 15 or 16 straight gambling cases in Cicero by jury, and they were found not guilty.

The CHAIRMAN. Do you think you worked your evidence up all right?

Mr. GILBERT. Yes, sir; we had all the evidence. We presented our evidence.

The CHAIRMAN. Did these people ever entertain you?

Mr. GILBERT. No, sir.

The CHAIRMAN. Did they ever do anything for you?

Mr. GILBERT. No, sir.

The CHAIRMAN. Did you ever have supper with them?

Mr. GILBERT. No, sir.

The CHAIRMAN. How are you going to get rid of them?

Mr. GILBERT. I might say what I have stated is that it is the job for every law-enforcement agency to cooperate and stand shoulder to shoulder. This is just not one part of the law-enforcing body to eliminate this kind of evil. There has to be an effort made on the part of the police, the sheriff, the judges, the State's attorney, and the civic groups.

The CHAIRMAN. How about the Chicago Crime Commission?

Mr. GILBERT. A civic group, the Chicago Crime Commission.

The CHAIRMAN. What do you think of their work?

Mr. GILBERT. I think they have done very good, effective work. I think they alerted the business people to the point where they are constantly doing watch service; and in cases that are brought to the court, criminal court and felony court and municipal courts in the city of

Chicago, I think they have done a good job. I think it is everybody's job to stand shoulder to shoulder.

The CHAIRMAN. So you think lack of coordination and cooperation is the trouble?

Mr. GILBERT. Yes.

The CHAIRMAN. What are you going to do about it?

Mr. GILBERT. If I am elected sheriff?

The CHAIRMAN. Yes; if you got elected.

Mr. GILBERT. I tell you what I am going to do about it, Senator. I am going to call in all the chiefs of police of the county towns, call in all the J. P.'s, and call in all the civic groups, the Lions clubs and different organizations, judiciary and the chiefs of police in the respective towns and the members under my command, and tell them that this is an all-out fight on the side of law and order and that there will be no hesitancy on my part in seeing anybody, where the line breaks, the weak spot, to see that they are taken before the grand jury and evidence presented against them. I am satisfied that we will drive that element out the same as we have driven it out of Chicago.

The CHAIRMAN. How about this patronage here in the county in the sheriff's office?

Mr. GILBERT. All I can say, Senator, is that, if the Democratic Party saw fit to nominate me to that, all the patronage in that office will go to the Democratic Party.

The CHAIRMAN. Don't you think that is a pretty bad system?

Mr. GILBERT. I don't know. I say if a man, whether he is under civil service, and I see my brother police officers under the cloak of civil service, and as the head of the organization goes, so the rank and file goes. I say if a man has the ability and has the will to hold on to his position, if he is vested with authority, in the event he doesn't do his job and you have the power to fire him. I think that is just as effective as having civil service, and if a man doesn't do his job you transfer him from one place to another and he is still inefficient no matter where you transfer him. I say the job can be done and, as the head of the organization goes, so goes the rank and file of the organization. I say this job can be done. There never has been a job in that office that I started that I didn't complete when all of the groups that I named worked shoulder to shoulder, driving men out of labor organizations and every other thing.

The CHAIRMAN. How about your municipal courts here?

Mr. GILBERT. Of course, I can't speak for that, Senator. I haven't been in the municipal courts, only one branch of that court, and that is the felony court. That is the examining magistrate that our cases are brought before and are held for the grand jury.

The CHAIRMAN. What kind of indexes do you keep on these people that you arrest and prosecute? Do you have an indexing system so that you can keep up with them?

Mr. GILBERT. When an arrest is made we have an arrest book and he is entered into that book, description and everything else. Then there is a pink card and a white card made out. That is sent down to the statistical bureau. The disposition of his case is followed through and entered in there, and a complete record is kept in the detective bureau in the city of Chicago, the statistical bureau.

The CHAIRMAN. Mr. Gilbert, the question I have seen raised around here in the newspapers a good deal is that they think you have made

so much money, you always had just a low salary, and people don't understand how you got hold of all that money.

Mr. GILBERT. I would like to have an opportunity of explaining that.

The CHAIRMAN. Let's start.

Mr. GILBERT. In 1921 there was a fellow named George Brennan who was head of the Democratic Party.

The CHAIRMAN. Have you made these explanations in the paper?

Mr. GILBERT. No; I have not.

The CHAIRMAN. Why haven't you?

Mr. GILBERT. Because I was never asked.

The CHAIRMAN. Don't they care what you say?

Mr. GILBERT. I have offered to show all my records and everything else. I offered them to the crime commission and told them they were there. All I wanted in return was for them to publish them.

The CHAIRMAN. Did they take your records?

Mr. GILBERT. No, sir; they did not.

The CHAIRMAN. When did you offer them to them?

Mr. GILBERT. I would say some 2 years ago.

The CHAIRMAN. All right; go ahead.

Mr. GILBERT. I might say in that connection I didn't just offer them the records. I said my records were available and they were open—my income-tax records and everything else.

In 1921 Mr. Brennan was the leader of the party and he was incapacitated—his right leg was cut off just above the ankle—I was assigned to him as chauffeur and kind of bodyguard. At that time the Ku Klux Klan was quite prevalent. We just left the convention in New York. I was assigned to him. I had a boy at that time, a youngster, and he asked me at that time where I was going to send my boy to school. I told him I was going to send him to Campion, a high school. He told me at that time to buy myself 100 shares of Great Lakes Dredge & Dock. The stock was selling around 18 at that time.

The CHAIRMAN. One hundred shares of—

Mr. GILBERT. Great Lakes Dredge & Dock. But I bought 200 shares.

The CHAIRMAN. Selling at 18 at that time?

Mr. GILBERT. Selling around 18; yes. I bought 200 shares at that time, Senator. That stock at that time—all you had to do was put down about a 10-point margin. I think it cost me around \$400 for those 200 shares of stock. By the time the stock was selling at 30, I had 600 shares. When it was selling at 45 I had 1,000 shares. I was a young fellow, and when I got 15,000 I figured I would buy a home for myself. Then it went ahead and I figured I will buy a two-flat.

The CHAIRMAN. You mean, whenever it would go up so that your margin would carry it, you would buy more?

Mr. GILBERT. Buy more; pyramid; that is right.

The CHAIRMAN. How did you pyramid that?

Mr. GILBERT. I pyramided that to where it got up to around 45, and in addition to that I bought some Indian Refining, which was selling around 6.

The CHAIRMAN. You got it finally pyramided up to 4,500 shares?

Mr. GILBERT. No, no; when it got to 45, I had 1,000 shares. When I got some Indian Refining.

The CHAIRMAN. You sold that out and got some Indian Refining?

Mr. GILBERT. No, no. With what margin I had there I bought Indian Refining.

The CHAIRMAN. You did all this in the twenties?

Mr. GILBERT. That is right.

The CHAIRMAN. All right.

Mr. GILBERT. Finally I run that up until 1927 or 1926. The day Dempsey fought Tunney over at the stadium, I had \$98,000. On the side I always dealt in the grain market. I always traded in the grain market. When the crash came in 1929 I lost all that money but about \$15,000. I held on to that money. As I say, I always traded in and out. I don't know just what stocks I traded in, what grains I traded in, but I have been trading in the stock market since 1919, with the same customer's man that I traded with.

The CHAIRMAN. Who is that?

Mr. GILBERT. A fellow named William More, with Merrill Lynch, Pierce, Fenner & Beane. I dealt with him and I dealt with a fellow named Foyle at Scott, Burroughs & Christy.

The CHAIRMAN. What is his first name?

Mr. GILBERT. John Foyle.

In 1933 I started buying some stock with a fellow named Ed Flemming, Eugene Pike, and Harry Grabiner.

The CHAIRMAN. Let me get their names.

Mr. GILBERT. Eugene Pike, Harry Grabiner, and Edward Flemming. I started buying Midland Utility prior-lien bonds. That was the time that the President ordered the dissolving of the holding companies of the utilities. This Midland Utility was a company up in northern Indiana, and the bonds were selling—\$1,000 bonds were selling around 34. The prior liens at 6 and 7 were selling around one and two dollars.

The CHAIRMAN. A \$1,000 bond was selling—

Mr. GILBERT. \$340 to \$400.

The CHAIRMAN. How about prior liens?

Mr. GILBERT. Prior liens were selling at 6 or 7.

The CHAIRMAN. They were selling at what?

Mr. GILBERT. Around a dollar or two dollars.

The CHAIRMAN. You mean \$100 for a thousand dollar bond?

Mr. GILBERT. No. The bonds were selling for \$340. The prior liens, a second or third issue, there was a 6 percent and a 7 percent. They were selling for around \$1 or \$2.

The CHAIRMAN. I mean that is \$1 or \$2 for \$100?

Mr. GILBERT. No; the par value of those. I don't know what they were. I think they were a par value of \$1 or \$2. They weren't \$100 par value.

The CHAIRMAN. What happened?

Mr. GILBERT. They had not paid any dividend for a period of years. Dan Green, who used to be former president of the Commonwealth Edison, talked to this group of men and said he thought this would be a good buy, that this organization was broken up, that they had no overhead. All they did was plug in and bought their power off the Commonwealth Edison here in Chicago, and under the law there was a deep-rock case taken up by an attorney named Hanigman from Detroit who took that case to the Supreme Court. The Supreme Court ruled in favor of the deep-rock people. This case was of a like nature. So

Flemming didn't want to start any action, and Green didn't want to start any action, so they prevailed upon Gene Pike, myself, and Grabiner to start action against the holding company and also against one of the banks in the city of Chicago.

The CHAIRMAN. Who is this Mr. Green who came into the picture?

Mr. GILBERT. Green was former president of the Commonwealth Edison.

The CHAIRMAN. What is his first name?

Mr. GILBERT. Dan Green.

With the money made in the grain, I think my whole investment stands me thirty-five or forty thousand dollars. That thirty-five or forty thousand dollars is now worth—we got stocks for those prior liens and for those bonds, we got stock when the companies were reorganized. I have 17,500 shares of that stock, and that stock is now selling at 20, which would make it worth about \$360,000.

The CHAIRMAN. You put how much in it?

Mr. GILBERT. I think around \$35,000.

The CHAIRMAN. You brought a suit, and the suit was successful?

Mr. GILBERT. I would say yes, the suit was successful. It was in the district court of Delaware. Judge Biggs was the presiding judge, John Biggs. Out of that money I made loans at Drovers National Bank. I think I have loaned against them, I think, \$92,000.

The CHAIRMAN. You made loans to the bank?

Mr. GILBERT. No; from the bank. I put up the stock as collateral on those loans; I bought other stock.

That is about the picture.

The CHAIRMAN. You bought other stock, and what have you got now? Here is the 1944, '45, '46, '47, '48, '49. Here is a memorandum prepared by our staff from information available to us. Will you look at it?

(Witness examining papers.)

Mr. GILBERT. This one down here is an error. Three thousand and two hundred shares of International Telephone & Telegraph. That is not so.

Mr. HALLEY. How much do you have actually?

Mr. GILBERT. Of that stock? None.

Mr. HALLEY. None at all?

Mr. GILBERT. No, sir.

The CHAIRMAN. What is that Austin Nickel thing?

Mr. GILBERT. One hundred shares of Austin Nickel. I might have traded in that and sold it. I might have had that.

The CHAIRMAN. But you didn't have that 3,200 International Telephone & Telegraph?

Mr. GILBERT. No, never. International Telephone? Oh, yes; I. T. & T. Oh, yes. I thought it was the big telephone. Yes, I bought that.

Mr. HALLEY. Three thousand two hundred?

Mr. GILBERT. That is right.

Mr. HALLEY. What does that sell at now?

Mr. GILBERT. I think I have sold that. I bought some the other day. I think it is selling around 14 or 15.

Mr. HALLEY. How much do you have of I. T. & T. now?

Mr. GILBERT. Of this 3,500. I think I got 2,500 shares one day last week of I. T. & T. I sold all this out and took a loss on it. I took a

loss on this. I had that Canadian Pacific and Pepsi Cola, 500 Sinclair. Yes; I have had all this.

Mr. HALLEY. Looking at those income-tax returns, I note that each year you have an amount on wagers gains.

Mr. GILBERT. That would be at election times. I always bet on the election.

Mr. HALLEY. Is that what it is?

Mr. GILBERT. That is what those are.

Mr. HALLEY. Bets on the election?

Mr. GILBERT. Yes. I bet on the football games, and I bet on the prize fights, but mostly it would all be elections.

Mr. HALLEY. What do you do, keep a cash book so you can keep track of your wagers?

Mr. GILBERT. Yes.

Mr. HALLEY. Did you ever bet on horse races?

Mr. GILBERT. I may have at race tracks on one or two occasions, but on rare occasions.

Mr. HALLEY. Did you keep a record of that?

Mr. GILBERT. Yes.

Mr. HALLEY. Is that in the books that you have brought here?

Mr. GILBERT. I didn't bring any books.

Mr. HALLEY. You didn't bring books?

Mr. GILBERT. I didn't bring any records.

Mr. HALLEY. Who is your accountant?

Mr. GILBERT. A fellow named Neinbergal, of Berman & Co.

The CHAIRMAN. What is his first name?

Mr. GILBERT. I couldn't tell you that.

Mr. ROBINSON. The firm is Marshall Berman & Co.?

Mr. GILBERT. That is right.

The CHAIRMAN. They just make out your tax returns from your books, is that it?

Mr. GILBERT. That is right.

The CHAIRMAN. You mean every time you make a bet you put it down in your book?

Mr. GILBERT. Yes, sir; every election bet I have ever made.

The CHAIRMAN. How big election bets do you make?

Mr. GILBERT. In 1936 I think I won around \$10,000 or \$12,000.

The CHAIRMAN. Betting on Roosevelt?

Mr. GILBERT. I bet on Roosevelt and I bet on the State of Pennsylvania. I had my brother with Landon Knox at that time. The odds at that time were 3 to 1. It was the first time in 60 years that Pennsylvania went Democratic, and I bet on Pennsylvania.

The CHAIRMAN. How about prize fights?

Mr. GILBERT. I bet on prize fights; yes.

The CHAIRMAN. How much do you bet on them?

Mr. GILBERT. Two or three hundred. I think about five hundred might be the biggest bet I ever made.

The CHAIRMAN. How about football games?

Mr. GILBERT. I bet on the football games.

The CHAIRMAN. How much do you usually bet on a football game?

Mr. GILBERT. Two hundred or three hundred, one hundred maybe, on four or five teams. I bet on the World Series.

The CHAIRMAN. You just like to bet?

Mr. GILBERT. I have been a gambler at heart.

The CHAIRMAN. What do you think about a sheriff being a gambler?

Mr. GILBERT. On football games or on elections, I don't feel it is any violation of my oath of office on them because I take straw ballots, and if a fellow bets against me I am willing to bet. I have won every election bet since 1921.

The CHAIRMAN. What did you bet on the last election?

Mr. GILBERT. I bet on Truman, and got odds of 7 to 1 on Truman. I bet on Boyle for State's attorney.

The CHAIRMAN. You got odds of 7 to 1. How much did you bet?

Mr. GILBERT. I think I bet about \$1,500.

The CHAIRMAN. You picked up some money there, didn't you?

Mr. GILBERT. Yes; I picked up some there, and I picked up some on Boyle, that Boyle would beat Heller and Cochrane together. A week before election Cochrane was the favorite.

The CHAIRMAN. Did you bet even money on them?

Mr. GILBERT. No, sir. I got odds, and then the Monday before election we made Boyle the favorite and he got more votes and Heller—

The CHAIRMAN. Who do you bet these bets with?

Mr. GILBERT. I bet them with brokers, the board of trade, football bets, a fellow named McDonald on La Salle Street.

The CHAIRMAN. Are they bookies?

Mr. GILBERT. No; they take bets on the football games. They don't bet on any horses.

The CHAIRMAN. Do these fellows have regularly established businesses?

Mr. GILBERT. Yes, they have a regular business.

The CHAIRMAN. Who are they?

Mr. GILBERT. John McDonald.

The CHAIRMAN. What is his company?

Mr. GILBERT. I think it is about 215 North La Salle.

The CHAIRMAN. Is that legal?

Mr. GILBERT. Well, I don't know whether it is legal. I would say it was legal if a fellow wants to make a bet on an election, there is nothing illegal about it. No violation of the law.

Mr. HALLEY. How about the football games?

Mr. GILBERT. Football games the same way.

Mr. HALLEY. Do you bet at the same place?

Mr. GILBERT. Yes, sir.

Mr. HALLEY. That is not legal betting, is it?

Mr. GILBERT. No, sir; it is not. Well, no, it is not legal, no.

Mr. HALLEY. Sheriff, may I ask a question, one thing has been bothering me, and that is when you find time—I shouldn't call you sheriff yet.

Mr. GILBERT. Thank you.

Mr. HALLEY. When do you find time to take care of your law-enforcement duties?

Mr. GILBERT. When do I find time? Every day, sometimes 24 or 48 hours when we are working on cases.

Mr. HALLEY. To me you have a very active financial business that has to be watched quite closely.

Mr. GILBERT. It hasn't been watched at all. The telephone is all that does it. The fellow I am dealing with at Rice & Co. will call me up. He thinks this is going up or that is going down, sell it or buy it.

Mr. HALLEY. You don't think that interferes with your duties, your law-enforcement duties?

Mr. GILBERT. No.

Mr. HALLEY. It hasn't cut in on your time and energy.

Mr. GILBERT. None whatever, no, sir.

Mr. HALLEY. You have been able to amass all this money just in your spare time as a hobby, so to speak.

Mr. GILBERT. That is right.

Mr. HALLEY. But you take time also for betting.

Mr. GILBERT. Telephone. All you do is pick up the telephone and call and make the bet. It doesn't take 5 minutes.

Mr. HALLEY. You have to study the thing to know who you want to bet on.

Mr. GILBERT. The study that I do is the study a week ago when Purdue beat Notre Dame and I bet on the team Notre Dame played the following week because I figured something was taken out of them.

Mr. HALLEY. What would you say was your net worth today?

Mr. GILBERT. I would say if I sold everything it would be worth around \$360,000, something in that neighborhood.

Mr. HALLEY. It should be more than that. Your dividends are about \$42,000 a year.

Mr. GILBERT. With the salary and everything else, that is right.

Mr. HALLEY. No. Your dividends in 1949 were \$42,000.

Mr. GILBERT. You see, I have a \$92,000 loan there.

Mr. HALLEY. I know. You have a bank loan of \$92,000.

Mr. GILBERT. That is the loan, yes.

Mr. HALLEY. With dividends of \$42,000. You are not getting 10 percent on your money, are you?

Mr. GILBERT. I am getting more than 10 percent on my investment in the—

Mr. HALLEY. Are these stocks you have got paying 10 percent?

Mr. GILBERT. Better than 10 percent. The stocks that I have, that cost me \$340, I think I got some around \$4,000.

Mr. HALLEY. I mean on their present market price are they paying 10 percent?

Mr. GILBERT. They are selling at 20, and they pay \$1.50, I think.

The CHAIRMAN. What bank do you have your loans with?

Mr. GILBERT. Dovers National Bank.

Mr. HALLEY. How did you get the original stake after the depression?

Mr. GILBERT. I told you.

Mr. HALLEY. You said you made some successful grain deals but you didn't go into any detail on them.

Mr. GILBERT. I say I wound up with about \$15,000 at the time of the depression and I still had that \$15,000 in 1931 and '32 and '33.

Mr. HALLEY. Then it took something like \$35,000, you said, to buy into this utility deal.

Mr. GILBERT. No, I said that that is what the cost was. Flemming and Pike and Grabiner who wanted to get in, and Green, put up the dough for the suit.

Mr. HALLEY. How much did you put up?

Mr. GILBERT. I put up I think about \$28,000.

Mr. HALLEY. Where did you get the balance?

Mr. GILBERT. The 15 I got out of the stock and I had other money that I got out of grain. I had around about \$28,000.

Mr. HALLEY. On your grain deals, have you any records of them during the depression years?

Mr. GILBERT. No, I haven't.

Mr. HALLEY. Whom did you deal with in grain?

Mr. GILBERT. Dealt with Rice & Co., Scott Burroughs & Christy, Merrill Lynch, Pierce, Fenner & Beane.

Mr. HALLEY. You don't have the books going back that far on your grain deals?

Mr. GILBERT. No.

The CHAIRMAN. Do we have a record here of the grain deals?

Do you have any objection if we just give the press your earnings—these things here?

Mr. GILBERT. I don't think the press ought to have them.

The CHAIRMAN. They are going to be in here and we just want to know.

Mr. GILBERT. I don't think the press ought to have them.

The CHAIRMAN. We won't give them to them.

Mr. GILBERT. All right, sir.

The CHAIRMAN. They will want to know what your present earnings are.

Mr. GILBERT. You can tell them what my present earnings are because I have told them.

The CHAIRMAN. Your present earnings in 1949 are \$45,000.

Mr. GILBERT. That is right.

Mr. HALLEY. The charge is the charge that we have heard—as you know, we are just looking into charges that come to our attention. I ask you this without any opinion one way or the other.

Mr. GILBERT. I understand your position the same as mine. There is nothing personal.

Mr. HALLEY. The charge has been made that in all this time you have been in the DA's office you have not succeeded in getting the evidence to send any major gangster to jail.

Mr. GILBERT. That is not so and there is no evidence—there is no other person or anybody who has made an arrest who has brought any evidence to our office. It is not my duty to go out and get any evidence.

Mr. HALLEY. Of course, they have pointed to this series of unsolved murders in Chicago.

Mr. GILBERT. There is a series of unsolved murders all over the United States and the city of Chicago. It is not my duty for unsolved murders. It is the duty of the police department and the sheriff.

The CHAIRMAN. How many of these 76 people do you have on the Drury murder, for instance, working on that?

Mr. GILBERT. There are 3 now and there are 48 men from the city of Chicago and there are 3 from our office.

That is an erroneous impression that is out that I am an arresting officer. It is not my duty to make any arrests.

Mr. HALLEY. For instance, I have here one press clipping that refers to the killers of James Larkin, who was slain in a tavern owned by Matt Capone. Are you familiar with that case in 1944?

Mr. GILBERT. I think there were some arrests made in that case. We had witnesses that wouldn't identify. I think we cooperated. It happened at Berwyn or some town out there.

Mr. HALLEY. That seems to be precisely the point they make, that arrests seem to get made, but there is never enough evidence to convict these people.

Mr. GILBERT. I can't help that, Mr. Halley.

Mr. HALLEY. Isn't that precisely your job, getting the evidence?

Mr. GILBERT. It is not precisely my job. It is the duty of the police department and the sheriff's office, the arresting body, not the State's attorney.

Mr. HALLEY. What is the job of the chief investigator for the State's attorney?

Mr. GILBERT. To cooperate with the law-enforcing officers as an adjunct to them. We don't usurp their power. They make the arrests. They do all that. When the evidence is brought to them, they question them like an assistant State's attorney, when the evidence is brought to you. You don't go out and dig it up. It is not my job to do it. We cooperate with the respective police departments, and when the newspapers say that I haven't arrested them or haven't gathered up evidence, that is not my job, because I have hundreds of jobs to do.

Mr. HALLEY. Of course, their point would be, as I get it, and the point was raised not only by them, but by others, that, for instance, Matt Capone is indicted—

Mr. GILBERT. That is right.

Mr. HALLEY. And not enough evidence is obtained to convict him.

Mr. GILBERT. Mr. Halley, you can't create evidence.

Mr. HALLEY. You are the chief investigator for the district attorney's office.

Mr. GILBERT. Right.

Mr. HALLEY. They then say, multiply that by a number of other cases. For instance, the chief of police out at Calumet City gets indicted for letting all those joints run out there.

Mr. GILBERT. That is right.

Mr. HALLEY. He is acquitted.

Mr. GILBERT. Well, all we do is present our evidence to a jury. Everybody has a function to perform. The grand jury indicts them. Then the evidence is heard before a jury. The evidence is presented there. We present what evidence we have there. We can't control the jurors in their deliberations. We have nothing to do with that. That is the ironical impression that is out, that Gilbert is the chief investigator and should get the evidence. I can't create evidence. I have taken an oath of office, and I can't violate that oath of office. They say, "Why doesn't he lock these men up on the street?" There are two schools of thought. There is the school, civic groups, who say, "You know who these men are; why don't you lock them up?"

Then there is a statute and you take your oath of office that these men when they pay their debt to society you can't arrest them unless they violate some law in your presence. The police officers under my command are instructed if they see a law violation to make an arrest. They are instructed to make those arrests. When they leave my office I have no more control over them until I am alerted that something has happened. Their salary is paid by the city of Chicago the same as mine. The only reason the press is laying out that impression at this time is to hurt the Democratic Party politically. It will hurt me politically. The duties are clearly defined what the

chief investigator's duties are. You don't hear them saying anything about the chief of police now. They hollered about our mayor when he took office.

If these men walk the streets of Chicago and violate the law, my men are instructed to make arrests. If my men are working on certain cases, and if they did see one of these fellows on the street, they may be following somebody, they may be shadowing them or something, and they wouldn't arrest them. I say it is the duty of the police department and the department of police and the duty of the sheriff's office, and not my duty, to make those arrests.

Mr. HALLEY. Assuming that the responsibility is not yours and should not fall on your shoulders—

Mr. GILBERT. That is right.

Mr. HALLEY. Would you say this long list of unsolved murders and the situation which has prevailed over the last 20 years has been one which through lack of cooperation or lack of coordination of law enforcement has not been what it should be?

Mr. GILBERT. No. I will say this to you, Mr. Halley. I have never violated my oath of office. When these gangsters go out and kill they are as precise and detailed in their work as an architect. If an architect makes a mistake, that architect can correct the mistake. If a doctor or lawyer makes a mistake, you can dig in the archives and get some help. These men, when they go out to kill, they don't leave nothing. The only arrest that was ever made and the crime cleaned up for a gangster killing in Chicago was by myself when they killed a fellow named Sunnyboy Quirk. We got the men who done that killing. We got a confession.

Mr. HALLEY. When was that?

Mr. GILBERT. I think about 8 or 9 years ago. One of the only gangster killings in Chicago. They don't leave no evidence. So it is the police's job.

Mr. HALLEY. The question is rather vague.

Mr. GILBERT. We arrested a fellow named Gaylord and a fellow named Egan. They confessed and named a fellow named Williams and showed that this fellow was put on the spot out at the Hawthorne Race Track. He was killed at Sixty-seventh and Stony Island Avenue. We arrested those men. The only evidence we had were the accomplices. The accomplices took the stand, testified, and the jury found him not guilty.

Mr. HALLEY. Keeping away from you for the moment, just looking at the over-all picture, would you say that it has left a considerable amount to be desired by way of law enforcement in this area?

Mr. GILBERT. All I can say, Mr. Halley, is that there is no police officer gifted with any supernatural mind. If a murder is committed by a mobster or gangster element they leave no traces.

Mr. HALLEY. But there have been a lot of such murders, have there not?

Mr. GILBERT. Yes.

Mr. HALLEY. There has been a lot of bookmaking and gambling and a lot of wide-open joints in Chicago and Cook County.

Mr. GILBERT. But they have been all closed up now.

Mr. HALLEY. Calumet City was wide open last week when we went out and took a walk.

Mr. GILBERT. That was open. It was a little wider when you folks were there.

Mr. HALLEY. I am told the clip joints and strip joints are still open to some extent right here in Chicago.

Mr. GILBERT. I say it is the duty of the police department.

Mr. HALLEY. We are not worrying at the moment about whose responsibility it is.

Mr. GILBERT. I beg your pardon.

Mr. HALLEY. There is a considerable amount of room for improvement.

Mr. GILBERT. No question about it.

Mr. HALLEY. That is despite the fact that apparently in the last 3 years things have improved several hundred percent.

Mr. GILBERT. That is right.

Mr. HALLEY. Now we will get to you. Wouldn't the question rather be this: From the point of view of public confidence and public appreciation of the job you are doing, whether the fault is yours or not, isn't it only natural that when people realize that a man in your position has amassed great wealth, and you have rather considerable assets, that they should lose confidence in you when you are in a job where they expect to have a man who has a lean and hungry approach to the problem of going out and catching crooks day and night, day in and day out? What is the effect on public opinion?

Mr. GILBERT. The failure of human nature is that we are prone to believe evil about our fellow man, and especially about a peace officer.

Mr. HALLEY. He is like Caesar's wife. He has to be above reproach.

Mr. GILBERT. Here I am with my records. This is my life. It is an open book. I have fought on the side of law and order. When we inherited the city from the Republican regime in 1928 we had massacres the most atrocious in the history of the city of Chicago.

Mr. HALLEY. I may be getting a little afield but I would like your view on this. Wouldn't the man in the street say to himself: If only Dan Gilbert were not concentrating on whether or not to buy and sell National City, he might have given just a little more thought to finding out who killed Eddie O'Hare and he might have come up with an idea.

Mr. GILBERT. All I can say is this, in that connection, Mr. Halley, any time there was any crime committed in the city of Chicago and I worked on it, I gave my wholehearted effort. There was nothing at any time. My oath of office was never violated. I always worked and drove the toughest racketeers out of the labor circles in this community, and drive them out from depleting the treasuries of those organizations and made it possible for those groups that took over those unions to see that they came from the rank and file and were elected and that they did their job. The result of it was we had no sit-down strikes around Chicago. We had industry brought to Chicago and Chicago bore the best reputation during the last war of any city in the United States. I in a measure feel I was responsible because of my background in labor circles. I knew something about the trials and tribulations. Those are the things I did and drove those fellows out of the union. There was kidnaping mobs around here. There was killing on the streets of Chicago, and I in a measure stopped that.

Mr. HALLEY. How did you do it, Sheriff?

Mr. GILBERT. We did that because we took the fight to these fellows.
Mr. HALLEY. How?

Mr. GILBERT. When they were in these union halls we went in by the right of might and pushed them out of there. We had no legal process to start in. I was held in contempt of court by Judge Sullivan one time for invading the local of 705, on two different occasions because we didn't have proper process. I didn't have a warrant. You couldn't fight those fellows with warrants. You had to resort to the same things they resorted to. I have always fought on the side of law and order, and I say as to these gangster killings, point anywhere else where anybody else has ever cleaned them up.

Mr. HALLEY. Have they ended? That is the point.

Mr. GILBERT. I say yes, gangster killings have. When there is no revenue and money to fight over. When there are no ill-gotten gains and nothing to fight for you have stopped it.

Mr. HALLEY. You had the Ragen murder in 1946 or 1947.

Mr. GILBERT. That is right, 4 or 5 years ago.

Mr. HALLEY. You had the Drury murder just a few weeks ago.

Mr. GILBERT. That is right.

Mr. HALLEY. Did you have any in between them?

Mr. GILBERT. I think we had one or two.

Mr. ROBINSON. Who initiated the slot-machine raids that you referred to awhile ago by the State attorney's office? Was that initiated by the State's attorney?

Mr. GILBERT. That is right. He would instruct me to conduct the raid. We would sit down and talk that the sheriff wasn't doing his duty out there and we had better get busy and do it ourselves.

Mr. ROBINSON. Why can't that be done on some of the others?

Mr. GILBERT. For instance, an example?

Mr. ROBINSON. Bookmaking.

Mr. GILBERT. We have done that. We have chopped places in the city of Chicago.

Mr. ROBINSON. How many have you chopped up in the last year?

Mr. GILBERT. None.

Mr. ROBINSON. Why?

Mr. GILBERT. Because of the fact that the chief of police of Chicago—

Mr. ROBINSON. Can't you initiate chopping up bookie joints yourself?

Mr. GILBERT. Yes. We did that in 1939.

Mr. ROBINSON. But it hasn't been done since then?

Mr. GILBERT. That is right.

Mr. ROBINSON. The operators of the wire service have indicated to a Senate committee the exact location of all the bookmakers in the city of Chicago. What has been done about that?

Mr. GILBERT. We raided that office and got that information. We notified the telephone company to take all the telephones out of those places.

Mr. ROBINSON. When did you notify the telephone company?

Mr. GILBERT. The time we made the arrest.

Mr. ROBINSON. You never notified the Western Union in the last year.

Mr. GILBERT. No.

Mr. ROBINSON. Despite the fact that every bookmaker in the city of Chicago is listed in the Senate hearing record, nothing has been done about that.

Mr. GILBERT. That is still again as I said the chief of police's job and the sheriff's job.

Mr. ROBINSON. Isn't it the chief of police's job to put down slot machines?

Mr. GILBERT. Yes, sir.

Mr. ROBINSON. You initiate activities to put down slot machines yourself?

Mr. GILBERT. That is because——

Mr. ROBINSON. Through the State attorney's office——

Mr. GILBERT. That is because they are in the county and not in the chief of police's jurisdiction in the city of Chicago. They are out in the county, none in the city of Chicago.

Mr. ROBINSON. Do you do the same thing out in the county so far as bookmakers are concerned?

Mr. GILBERT. Yes.

Mr. ROBINSON. How many have you initiated in the past year?

Mr. GILBERT. I don't know. I would say very few.

Mr. ROBINSON. Who is Tom Malloy? Is he a union official?

Mr. GILBERT. He was killed some 10 or 12 years ago.

Mr. ROBINSON. Do you know Ralph O'Hara?

Mr. GILBERT. Yes, sir.

Mr. ROBINSON. What business was he in?

Mr. GILBERT. I don't know only what I read in the papers. He was supposed to be in the wire service.

Mr. ROBINSON. Was he a close friend of yours?

Mr. GILBERT. No, sir.

Mr. ROBINSON. Do you know who put him in the wire-service business?

Mr. GILBERT. No, sir; I do not.

Mr. ROBINSON. Does the State attorney's office conduct any investigation with respect to the efficiency of your police?

Mr. GILBERT. No, they don't.

Mr. ROBINSON. Did you ever make any personal loans outside of loans from banks?

Mr. GILBERT. Personal loans from individuals?

Mr. ROBINSON. Yes.

Mr. GILBERT. Yes. I made some loans from—I think I made some loans from Flemming. I made some loans from Morris Cavanaugh 15 or 20 years ago, but never any lately.

Mr. ROBINSON. Did you ever make any loans from Skidmore?

Mr. GILBERT. No, sir.

Mr. ROBINSON. Bidwell?

Mr. GILBERT. No, sir.

Mr. ROBINSON. Johnston?

Mr. GILBERT. No, sir.

Mr. ROBINSON. And Annenberg?

Mr. GILBERT. No, sir.

Mr. ROBINSON. Or Ragen?

Mr. GILBERT. No, sir.

Mr. ROBINSON. Could you tell me a little more about John McDonald?

Mr. GILBERT. He has the place where you make bets on baseball.

Mr. ROBINSON. What other kind of bets?

Mr. GILBERT. That is all, football, baseball, prize fights, or election bets.

Mr. ROBINSON. Is he a betting commissioner?

Mr. GILBERT. Yes.

Mr. ROBINSON. Is he also a lay-off man?

Mr. GILBERT. I don't know that. I don't know whether he lays off bets.

Mr. ROBINSON. How often do you bet on the sources at the track?

Mr. GILBERT. I haven't bet, I don't think, at 10 races in my life.

Mr. ROBINSON. When would that have been, those 10 races?

Mr. GILBERT. Maybe in the last 6 or 7 years. I wouldn't know.

Mr. ROBINSON. You indicated in one of your records here a wagering gain of \$7,300.

Mr. GILBERT. Tell me what year that is and I could possibly tell you what it is.

Mr. ROBINSON. That was in the year 1948—\$7,310.

Mr. GILBERT. That would be a bet that I made with the organization candidate and Louis B. Igoe.

Mr. ROBINSON. What amount did you bet?

Mr. GILBERT. I must have bet that much, whatever it was.

Mr. ROBINSON. Was it just a single bet of \$7,310?

Mr. GILBERT. No, no. It would be maybe two or three bets, a bet with a fellow named Sheldon Gover, committeeman. He was an organization fellow. I think I bet with him. Those were personal bets.

Mr. ROBINSON. What I am getting at is this: Is that a series of bets that totaled \$7,310?

Mr. GILBERT. I wouldn't know.

Mr. ROBINSON. Or is the \$7,310 the total amount of gains from a considerable amount of betting during the year?

Mr. GILBERT. I wouldn't know until I went to my books over that year. If that is the year, I know the election year. That was the off year 1948 and that is when the organization tried to defeat the present county judge.

Mr. ROBINSON. I believe you stated that you would suppose that it would be illegal to place bets with John McDonald.

Mr. GILBERT. I wouldn't say, no, that if a man wants to bet, I wouldn't say it was like betting on horses in violation of the law.

Mr. ROBINSON. I believe you also mentioned that you had a gambler's heart.

Mr. GILBERT. I have done gambling.

Mr. ROBINSON. Do you think a person with a gambler's heart can take the right approach of the sheriff in putting down bookmaking?

Mr. GILBERT. Yes.

Mr. ROBINSON. And other forms of gambling?

Mr. GILBERT. Yes.

Mr. ROBINSON. What is the difference between your betting with John McDonald and betting in a handbook?

Mr. GILBERT. Of course, I don't know what that difference is. I don't know what that difference is. I know that—

Mr. ROBINSON. If you don't know what the difference is, how can you make the distinction as to whether to raid a book or not?

Mr. GILBERT. I can make the distinction because the statute says if you make a bet in a gambling place on a horse race, it is a violation of the law.

Mr. ROBINSON. Just what influence do the ward committeemen have on the police officials?

Mr. GILBERT. None that I know of. There never has been a ward committeeman talk to me to influence me in my conduct.

Mr. ROBINSON. Do you know William Connors?

Mr. GILBERT. Yes, I know him.

Mr. ROBINSON. He is a ward committeeman?

Mr. GILBERT. Forty-second ward.

Mr. ROBINSON. What are the conditions in the forty-second ward? Do they come under your observation at all?

Mr. GILBERT. No; they wouldn't; unless I received a report.

Mr. ROBINSON. You know nothing about the conditions in there?

Mr. GILBERT. Only what I read in the papers.

Mr. ROBINSON. Do you think what you read in the papers is true?

Mr. GILBERT. I don't know.

Mr. ROBINSON. With regard to conditions in that particular ward?

Mr. GILBERT. I don't know.

Mr. ROBINSON. Is that the ward in which the thirty-fifth police district is?

Mr. GILBERT. Yes, sir.

Mr. ROBINSON. Are you familiar with the reports that have been made of investigations of conditions in that district?

Mr. GILBERT. No; I wouldn't be familiar with that. That would be the chief of police.

Mr. ROBINSON. In other words, that doesn't come under the cognizance of the State's attorneys office at all?

Mr. GILBERT. Not unless it is brought to his attention.

Mr. ROBINSON. Do you know Ollie Arnstein?

Mr. GILBERT. No; I don't.

Mr. ROBINSON. How often do you go to California?

Mr. GILBERT. Once a year.

Mr. ROBINSON. Do you have a place there?

Mr. GILBERT. No, sir.

Mr. ROBINSON. With whom do you go?

Mr. GILBERT. The last time I went with my grandson.

Mr. ROBINSON. Do you stay with somebody there?

Mr. GILBERT. No; I stopped at the Beverly Wilshire.

Mr. ROBINSON. Do any of your friends have a ranch or property out in that area?

Mr. GILBERT. No, sir.

Mr. ROBINSON. That is all I have.

The CHAIRMAN. I want to ask one or two questions.

How much real estate do you own?

Mr. GILBERT. I think I have about two lots. One is worth about \$6,000 and one is worth maybe \$4,000 or \$5,000. I think I owe about \$2,000 taxes on one of them.

The CHAIRMAN. Do you own your home?

Mr. GILBERT. No, sir.

The CHAIRMAN. Where do you live?

Mr. GILBERT. 6250 North Tolman Avenue.

The CHAIRMAN. How much rent do you pay?

Mr. GILBERT. I think it is around \$95.

The CHAIRMAN. How much family do you have?

Mr. GILBERT. I have one boy who is married and he has four children, my wife and myself.

The CHAIRMAN. Four grandchildren.

Mr. GILBERT. Yes, sir.

The CHAIRMAN. Are all the stocks that you own on the big board or on one of the exchanges?

Mr. GILBERT. These are on the New York——

The CHAIRMAN. I mean are they on the exchange.

Mr. GILBERT. Yes.

The CHAIRMAN. Do you know the percentage of convictions you have on the cases that you have presented to the court?

Mr. GILBERT. I would say about 91 percent, somewhere along there, 90 percent, I think.

The CHAIRMAN. In the last few years?

Mr. GILBERT. Yes, sir.

I might state that in 1933, 1934, 1935, 1936, it ran better than that.

The CHAIRMAN. I think that is about all. I wanted to get this. We don't want to do you any harm unnecessarily. We don't want to protect you, we don't want to smear you. The press of course will be very anxious to get as much information as they can. Is there any secret about the amount of your earnings a year?

Mr. GILBERT. Of course, as Mr. Halley says, there is going to be conjecture on their part. I don't know why it is any of their business.

Mr. HALLEY. It is there already. It should be cleared up as much as possible.

Mr. GILBERT. Anything you gentlemen want to do.

The CHAIRMAN. No.

Mr. GILBERT. You see here is the point——

(Discussion off the record.)

Mr. GILBERT. Thomas Courtney 12 years, Bill Tonhy for 4 years. Mr. Boyle for 2 years. As I say, the good work I have done, I assisted in sending 31 men to the electric chair, 13 men for killing police officers.

The CHAIRMAN. You sent how many people?

Mr. GILBERT. Thirty-one men to the electric chair. Thirteen men for killing police officers. Prior to the time of Mr. Courtney's advent in office, there was a premium for killing police officers. We got the first conviction in 20 years of men who killed police officers. We stopped police killings in the city of Chicago. That was a lot of hard work. Every important case that went through the city of Chicago and the county of Cook for the past 16 or 18 years I have worked on. There never has been one finger of criticism pointed at my conduct in any of those cases, other than the fact that they would say, he has a lot of wealth, he has a lot of wealth.

I might say this for the record, I haven't bought a car since 1918. I have no maids. My expenses are paid. I have that salary of \$10,000. That is clear.

The CHAIRMAN. Do you own a car now?

Mr. GILBERT. Yes; I own a car now.

The CHAIRMAN. What kind of car do you have?

Mr. GILBERT. I had a Cadillac. So they wouldn't say I was campaigning in the county's car. I have worked, as I said before, on the side of law and order.

The CHAIRMAN. Have you had some people out here on this Potts murder? Some of your people trying to work it out?

Mr. GILBERT. Yes. I have worked on it myself. Ernest Potts was a personal friend of mine.

The CHAIRMAN. This Matt Capone place, his tavern—did you make some arrests out there?

Mr. GILBERT. Yes. They made some arrests out there. We made some arrests and had one witness, if my memory serves me right, an elderly woman upstairs over the tavern who saw somebody running out of the place. I think somewhere around 3 or 4 in the early hours of the morning.

The CHAIRMAN. What about the Chicago Crime Commission? Have they been criticizing you?

Mr. GILBERT. No, sir; they have never criticized me.

The CHAIRMAN. You are still willing to turn your books over to them?

Mr. GILBERT. Yes.

The CHAIRMAN. Here it says in this editorial, "Don't try to mislead the public, Captain Gilbert. The crime commission itself has called for your removal as chief investigator for the State's attorney."

Mr. GILBERT. That is some newspaperman. I can't be responsible for that. Nobody at the crime commission ever told Mr. Courtney or Mr. Touhy or Mr. Boyle that they ever opposed my being appointed to that commission.

The CHAIRMAN. Off the record.

(Off the record.)

Mr. HALLEY. How did you happen to get into National City Lime? Do you know Tim Manning?

Mr. GILBERT. No; there are the Fitzgerald boys. I think I met them with Dan Rice. I think we were over at their office and had lunch together. I think they were talking about buying some San Francisco services or something else. Incidentally, I got quite a loss on that, too. I think it cost me 21. I think it is down 8 or 9.

Mr. HALLEY. It has been in trouble?

The CHAIRMAN. Later on, Captain Gilbert, we would like to do this. I know you are busy now. The committee is going to leave tomorrow night. Later on, we would like to have someone of the staff sit down and go over all these things with you and also more information about the crime situation here in the city, detailed information about your transactions with various and sundry people. Would that be satisfactory?

Mr. GILBERT. I will cooperate with you 100 percent.

The CHAIRMAN. That is without the committee being here. Mr. Robinson and Mr. White or Mr. Kiley or somebody will interview you.

Mr. GILBERT. That will be fine. I will cooperate 100 percent.

The CHAIRMAN. All right, thank you, Mr. Gilbert.

Mr. GILBERT. Thank you, sir.

(Whereupon, at 5:50 p. m., the committee recessed until 8 p. m. the same day.)

EVENING SESSION

(The committee reconvened at 8 p. m.)

The CHAIRMAN. The committee will be in order.

FURTHER TESTIMONY OF JOSEPH CHARLES FUSCO, STEVENS
HOTEL, CHICAGO, ILL.

Mr. HALLEY. Mr. Fusco, will you tell us all about Gold Seal liquor?

Mr. FUSCO. I tell you how far we got. We got to where I became associated with the company in some stock. I think that was in 1942.

Mr. HALLEY. Your first stock purchase.

Mr. FUSCO. Yes. I purchased some stock from 1942 on up to date, and I have 3,100 and some shares. Is that right, Mr. Robinson?

Mr. ROBINSON. I think that is about right.

Mr. FUSCO. I didn't bring my copy with me, because I didn't think it was necessary.

Mr. HALLEY. Let's stay with your stock purchases. As I get it, the net income of Gold Seal for 1949 was something like \$309,000.

Mr. FUSCO. I would say that is about right.

Mr. HALLEY. Which would make the net worth of the going concern well over a million dollars.

Mr. FUSCO. No; I tell you the truth. I went back to the office from here, and I think at the end of our last fiscal year it was \$2,200,000, and that has nothing to do with Rembrant.

Mr. HALLEY. You mean \$2,200,000 in terms of concrete assets, inventory?

Mr. FUSCO. The book value. It is just the book value. Add whatever the building is worth, depreciated down to, plus our equipment and stock and everything else.

Mr. HALLEY. When you first went with Gold Seal, that was in 1935?

Mr. FUSCO. I would say 1935-36.

Mr. HALLEY. What was their business? What was the nature of their business?

Mr. FUSCO. I tell you, Gold Seal had a liquor store, wholesale and retail liquor store at Clark and Van Buren. They were doing practically a retail business with a very small wholesale business.

Mr. HALLEY. Where were they getting their liquor?

Mr. FUSCO. They were buying it from various wholesalers.

Mr. HALLEY. I see. They didn't have any distributorships or anything like that.

Mr. FUSCO. No. When I went in and went to work for Gold Seal, I figured well, the only thing that was to do was to try to get some lines direct. I went in to various distillers and told them who I was in talking for and everything else, and they said, "Well, we can't take a retail store and put them on direct as a wholesaler. Why don't you take your wholesale business and put it in a separate category from the retail business, and then we legitimately could put you on as a wholesaler. If not, we would have every retailer in the city wanting to buy at the wholesale prices," which we did. We moved our wholesale business away from the retail store and went into a building over on Congress and Wells. From then on, the first line I think that I could get was Schenley.

Mr. HALLEY. How did you get that? Whom did you negotiate with?

Mr. FUSCO. I went in to see a company here called the Oscar Nelson Co., and Lou Golan, I think, was with Oscar Nelson Co. I think it was Oscar Nelson. It was Nelson, I am pretty sure. They were the distributors here for Schenley. They put me on as a subjobber.

Mr. HALLEY. On which line?

Mr. FUSCO. On their lines.

Mr. HALLEY. Schenley has three different lines.

Mr. FUSCO. At that time they didn't have three. They had Golden Wedding; they had Quaker. It was one line. At that time there was no Schenley or Feathers or anything else you see.

Mr. HALLEY. What were you able to sell them on to get this subdistributorship?

Mr. FUSCO. Just that I knew my way around town and I thought I could do a job for them.

Mr. HALLEY. What do you mean by knowing your "way around town"?

Mr. FUSCO. I had been in Chicago all my life, born and raised here. I knew a lot of saloonkeepers.

Mr. HALLEY. Was your beer experience considered valuable?

Mr. FUSCO. Possibly. I had made a lot of friends all my life. I never made any enemies.

Mr. HALLEY. To whom had you sold beer, for instance? Tavern owners?

Mr. FUSCO. Different tavern owners, yes. I still had the experience of being with the Drexel Beverage Distributing Co., which was handling whisky, you see, and I had started and I had a lot of accounts from the Drexel Beverage. When Drexel Beverage went out of business, naturally, I had an entry into accounts; so maybe they thought I was valuable to them to help them out.

Mr. HALLEY. You are the man who got the Schenley distributorship?

Mr. FUSCO. Yes.

Mr. HALLEY. And from whom did you get it?

Mr. FUSCO. I would say Lou Golan.

Mr. HALLEY. How do you spell that?

Mr. FUSCO. G-o-l-a-n.

Mr. HALLEY. At that time who were your associates in Gold Seal?

Mr. FUSCO. I was working for Gold Seal. The owners were Louis Alpern, William Gamble, Marion Hicks and, I think, Mrs. Sheer.

Mr. HALLEY. Who else was working for them of your old associates?

Mr. FUSCO. Nobody.

Mr. HALLEY. No one at all?

Mr. FUSCO. Nobody.

Mr. HALLEY. You were there alone?

Mr. FUSCO. Yes, sir.

Mr. HALLEY. Then, after you got that subdistributorship, what was the next step forward?

Mr. FUSCO. The next step forward, I think—

The CHAIRMAN. When was it you got the subdistributorship?

Mr. FUSCO. I would say possibly 1935 or 1936.

I think the next step after that I went to—I think I went to New York and I went to Seagram's. I think I talked to a fellow by the name of Vic Fischel. I went to him and tried to get the line. At that

time they didn't mean too much here because the Brock lines, the owners of Seagram's, had been here in Chicago. She had been in to see me in Chicago, and at the time I didn't think that their line meant anything because they had just come out with 5 Crown and 7 Crown, blended whiskies. Chicago was never known — it was always a straight-whisky market. As we were going along I thought possibly we had a place in the field for their market, and I think that through Vic Fischel he made arrangements with a fellow by the name of McQuade, who was in charge of Chicago, and they had an office I think in the Civic Opera Building. They gave us a truck load of whisky or so a week.

From one brand, it went to another brand.

Mr. HALLEY. What do you carry today? What distributorships have you today?

Mr. FUSCO. We have the National Distillers; we have Schenley; we have Glenmore; we have Seagram's; we have Yellowstone, and we have in the gin business Gordon's gin. We have Haig & Haig Five-Star. We have King William.

The CHAIRMAN. Who manufactures Haig & Haig?

Mr. FUSCO. Haig & Haig, King William, and Haig & Haig Pinch and Gordon's is all distributed in United States by Reinfeld.

Mr. HALLEY. When did you first make your contract with Reinfeld?

The CHAIRMAN. Let's see what else he has now.

Mr. FUSCO. Before Reinfeld, we were doing business with Kennedy, who owned—his company was called—it will come to me. They sold out to Reinfeld, and Reinfeld bought out Kennedy's company. As we came into—they took us over because we were one of the distributors.

Mr. HALLEY. Did you know Reinfeld during the days before 1932?

Mr. FUSCO. No. The first time I met Reinfeld was when he was at Brown Vitners, one of the other lines we had. They had Wohlson, White Horse, Cointreau, Remy Martin, Piper Heidsieck champagne. We were one of their distributors. Then they sold out to Seagram's and they were out of business. Then they went back in and bought Somerset. Somerset was Kennedy's company. You see, when they bought Somerset, Kennedy's company, we were distributor for Kennedy. Automatically they left us on as a distributor for Reinfeld.

Mr. HALLEY. Do you have any beers?

Mr. FUSCO. We have Heineken imported beer.

Mr. HALLEY. That is the only beer you have?

Mr. FUSCO. As far as Gold Seal, yes.

The CHAIRMAN. What is that?

Mr. FUSCO. Heineken. That is a Holland imported beer.

Mr. HALLEY. That is Gold Seal?

The CHAIRMAN. You didn't get all the whisky accounts in this.

Mr. HALLEY. Have we all your whisky distributorships?

Mr. FUSCO. No.

The CHAIRMAN. Are all these exclusive for the Chicago territory?

Mr. FUSCO. No, sir. To start off with, we have Schenley Black Label. There is a dual set-up in Chicago. It is Gold Seal and either McKesson-Robbins, you want to call them; that is who it is, that owns McKesson-Robbins. McKesson-Robbins and Gold Seal have a dual set-up for Cook County on Schenley, Black Label, Old Stag. We have Cascade exclusive from Schenley. We have Schenley gin on a dual.

Mr. HALLEY. What is that, the old—

Mr. FUSCO. The old Schenley. Cream of Kentucky we have exclusive.

The CHAIRMAN. What is that distillery?

Mr. FUSCO. Schenley, Cream of Kentucky. That is Schenley. That is the brands that we have from Schenley on the whisky. Then we have their Dore's White Label, the Scotch. I will say that we are one of four or five distributors on that set-up. We have Canadian whisky from Schenley called McNaughton's. That is either four or five set-up. That is the import division. We have the Dubonnet cordials, owned by Schenley, which is a four or five set-up. We have Coronet brandy. I think that is a dual step-up with McKesson and Gold Seal. We have Old Tart cognac, which is a four or five set-up. That is the import division. We have Bertolli chianti, which is a four or five set-up. We have Remy Martin cordials.

Mr. HALLEY. To sum it up, you have some on an exclusive and some you share with McKesson.

Mr. FUSCO. That is right.

Mr. HALLEY. And I presume McKesson has some exclusively; is that right?

Mr. FUSCO. That is right. In the import division there are about four or five.

The CHAIRMAN. This McKesson-Robbins, they are not in the whisky business under that name; are they?

Mr. FUSCO. In Chicago they have changed their McKesson-Robbins Co. to Crescent, and about 4 or 5 years ago they bought the Pioneer Atlas Distributing Co. So they own two companies here, but they don't operate them now. They did operate up until about a year ago—one of them under the name of McKesson and one of them by the name of Pioneer Atlas. One of them was operated under the name of Pioneer Atlas and the other is operated under the name of Crescent.

Mr. HALLEY. Where do you stand on Seagram's?

Mr. FUSCO. Well, Seagram's we get only a truckload of Seagram's a month. We had a set-up in there with Seagram's. We were one of their distributors, and during the war Schenley came along and wanted us to take their line on. I said: "Well, after all we have a set-up here with Seagram's and we are getting around 25 or 28 hundred cases of Seagram's a month. I don't think that I want to make a change." They said: "Well, we could make a very interesting deal." The simple reason I didn't have Schenley at that time was because they came in here and made an exclusive deal 2 years prior to that and left us out in the cold. Just overnight they just took the line away from us.

Mr. HALLEY. Who did they give it to—you?

Mr. FUSCO. They gave it to Products Corp., I think it was, which Lou Golan opened up exclusive. He did a very bad job on it, and I think Seagram's took it back, and then they wanted to get back into our house again.

Mr. HALLEY. Seagram's or Schenley?

Mr. FUSCO. Schenley wanted to get back in our house, and I wouldn't talk to them. I told them, after all the years that I gave them and handled their whisky for 25 and 30 cents a case and knocked our brains out for many years, that overnight they put us practically out

of business. Seagram's was good enough to take us on after they threw us out, let us stay in business, and Schenley is back now trying to get into our door.

I said, "What is your deal?"

They said, "Well, we will give you about 8,000 cases a month."

This was at the break of the war. I think it was around 1944 or 1945.

So I went to Seagram's and said, "What are you going to do for me? Here you guys are giving me 2,300 or 2,500 cases. I have a chance to get 9,000."

He said, "Don't take it because after all they are trying to break our set-up all over the country."

I said, "Listen, we are in business to try to make a buck and try to stay in business. We can't stay in business with no 2,300 or 2,500 cases. Either you are going to give us more whisky or we are going to take on Schenley."

He said, "If you do, I have to take you off the line."

I said, "I will take my chances."

So I went back to Schenley, and I said, "Well, you made a deal with me for 8,000 cases, and I lost 2,500 cases of Schenley. What are you going to do for me? You have to replace it."

Mr. HALLEY. You mean you lost 2,500 Seagram's.

Mr. FUSCO. That is right. So I said, "What are you going to do for me?"

He said, "We are going to replace what you lost from Seagram's."

I said, "O. K., then, that is 10,500 cases a month I get."

They said, "That is right."

So, on account of me and Vic Fischel going back for many years, he didn't shut me out. He left one truckload a month in there. So I keep telling them every now and then, "Listen, Red, either take your foot out of my door or come all the way in. Which one are you going to do?"

In other words, he was trying to keep me in case I ever wanted to come in.

I said, "You are not fair. Either give me something or stay out."

I got as high as 12 or 15 thousand cases of Schenley, and that is how we happened to build our business.

Mr. HALLEY. Let's get on now. How about National Distillers?

The CHAIRMAN. How many cases is one truckload a month?

Mr. FUSCO. We get I think 300 cases of Seven Crown and 100 cases of VO. They have never changed that for many, many years. They never give us a bottle more or a bottle less.

The CHAIRMAN. You get about 12,000 a month from Schenley's?

Mr. FUSCO. That is when it was scarce, we got 12,000.

The CHAIRMAN. What do you get now?

Mr. FUSCO. Now we can get all we want. We can buy all we want. I just got through giving them an order 2 months ago for about \$4,000,000, one order.

The CHAIRMAN. I know, but how many cases do you get on an average a month now?

Mr. FUSCO. All we can sell, 15, 20, 25 thousand. There is no limit now. We can purchase whatever we want. Here about 3 months ago there was a little scarcity, and they came in and said, "We don't know

where we are going to be. Glass is scarce. There may be a war. What do you think you ought to do?"

I said, "What do you think my credit is worth?"

They said, "As long as you give us your word, your credit is unlimited."

I said, "O. K." So I gave them an order, I think, for around 3 1/2 million dollars. They said, "You have to take it all in by the 1st of August."

I said, "Just send it, and we will make room for it."

They shipped it to us.

On National Distillers, we were a jobber of National Distillers I would say 1936, 1937. We had their full line. We merged with Famous, I think, in 1941 or 1942, and they had an exclusive brand called Sunnybrook. So we got exclusive on Sunnybrook for Cook County, Dupage County, Lake County. We have about five or six counties.

We have Grand-dad from National Distillers on a dual, two set-up.

Mr. HALLEY. Who has the other?

Mr. FUSCO. Grand-dad? Moran & Bros.

Mr. HALLEY. Are you the outstanding dealer in Chicago today?

Mr. FUSCO. I would say we were No. 1; yes, sir.

Mr. HALLEY. In terms of quantity?

Mr. FUSCO. Yes; in sales volume. I would say we are No. 1; yes, sir.

The CHAIRMAN. Go ahead with National Distillers.

Mr. FUSCO. That is National Distillers on their whisky we have Sunnybrook exclusive. We are one of two on Grand-dad. I think they have five jobbers in the city and we are one of five on Gilbey's DuBouchett cordial, we are one of five on Gilbey's Gin, we are one of five in Monnet Cognac. I think that is about all the brands we have from them.

That is about our set-up with National Distillers.

Mr. HALLEY. Any other major distributorship?

Mr. FUSCO. Glenmore.

Mr. HALLEY. Go ahead.

Mr. FUSCO. We have Glenmore. I would say that Glenmore must have 10 or 12 jobbers in this city. We are one of 10 or 12 jobbers. They have Kentucky Tavern——

The CHAIRMAN. You are exclusive on Kentucky Tavern?

Mr. FUSCO. No, sir. We are one of 10 or 12. Old Thompson. We are one of 10 or 12. And we are one of 10 or 12 on Glenmore. They have three labels.

Then we have whisky that is owned by Glenmore which is called Yellowstone. That is a separate distillery, but the major company is Glenmore. We have the exclusive on that. We have a bulk contract. I think we took that bulk contract on this 1945. We get various—during the war days we used to get 50 barrels, 20 barrels, 19 barrels, 100 barrels. The contract was for 100 barrels a month whenever they could give it to us. If they got a grain quota which was big enough to give us 100 barrels, they did, and if not, they gave us whatever they could, our proportionate share. But we have been getting 100 barrels a month for the last I would say 2 or 3 years. So we bottled that as it comes due 4 years old, we bottle and bond it. So that is an exclusive brand we have.

The CHAIRMAN. So you are a rectifier in that case?

Mr. FUSCO. No. They bottle it for us. We are not a rectifier. They bottle it.

We only own the bulk whisky. We send our certificates down there and they charge us so much for bottling, and that is the way we get that.

Then we have various Scotches like I said. We have the Reinfeld line which consists of Pinch, Five Star. We have King Williams exclusive.

Mr. HALLEY. How did you get yourself in with Reinfeld?

Mr. FUSCO. From Somerset they just transferred us over when they bought the company. They just took us in. I guess they thought we were a pretty good distributor, so they kept us on.

Mr. HALLEY. Is that the entire set-up now on Gold Seal?

Mr. FUSCO. Sir?

Mr. HALLEY. Is that the entire set-up on Gold Seal?

Mr. FUSCO. You mean are those the only brands?

Mr. HALLEY. No.

Mr. FUSCO. No; we have other brands.

Mr. HALLEY. But those are the major ones?

Mr. FUSCO. The others are Scotches like Ambassador, White Horse, and stuff like that.

Mr. HALLEY. Is Alpern still a major stockholder?

Mr. FUSCO. Alpern hasn't been with the company for many years.

Mr. HALLEY. When did he leave?

Mr. FUSCO. Oh, I don't know, he left maybe in 1943 or something.

The CHAIRMAN. Who is that?

Mr. FUSCO. Louis Alpern.

Mr. HALLEY. Was he an old bootlegger in the prohibition days?

Mr. FUSCO. I don't know, sir.

Mr. HALLEY. He had a prohibition arrest, didn't he?

Mr. FUSCO. I don't know anything about that. The first I met him I believe was before he started the store. I would say it would be in January of 1934.

Mr. HALLEY. You never met him before that?

Mr. FUSCO. No, sir.

Mr. HALLEY. Kaplan is still with the company, isn't he?

Mr. FUSCO. Yes, sir.

Mr. HALLEY. Was he an old-time bootlegger?

Mr. FUSCO. Well, I don't know if he was an old-time bootlegger, but I understand at one time he had a record or something.

Mr. HALLEY. He was associated with Capone and Johnnie Torrio, wasn't he?

Mr. FUSCO. No, sir; he was never associated with them.

Mr. HALLEY. How did you first meet Kaplan?

Mr. FUSCO. I have known Kaplan for maybe 25 years.

Mr. HALLEY. Didn't you know him to be a friend of Capone's?

Mr. FUSCO. No; I don't think he ever was. I don't think the man knew Capone.

Mr. HALLEY. He certainly had a prohibition violation.

Mr. FUSCO. I mean, everybody who had a prohibition violation didn't mean he knew Capone.

Mr. HALLEY. It must have been a serious one. He actually went to jail for it. That is unusual.

Mr. FUSCO. No; I don't think it was. He was in a different State, wasn't he?

Mr. HALLEY. In 1925?

Mr. FUSCO. I think it was in the State of Indiana.

Mr. HALLEY. Was it in Indiana?

Mr. FUSCO. Yes.

Mr. HALLEY. That is not far off.

Mr. FUSCO. No.

Mr. HALLEY. Did he work with Torrio?

Mr. FUSCO. No, sir.

Mr. HALLEY. Are you sure of that?

Mr. FUSCO. I am pretty positive.

Mr. HALLEY. With Capone?

Mr. FUSCO. No.

Mr. HALLEY. How did you meet Kaplan?

Mr. FUSCO. I met Kaplan, I think, around the Midnight Frolics many, many years ago.

Mr. HALLEY. Do you know Lou Greenberg?

Mr. FUSCO. I think since 1933, when he was working around getting his brewery ready.

Mr. HALLEY. Did you know him before that?

Mr. FUSCO. No. I knew of him, but I didn't know him.

Mr. HALLEY. Kaplan was convicted of a black-market charge in 1944, wasn't he?

Mr. FUSCO. I read about it.

Mr. HALLEY. It was a liquor black-market charge. Did it have anything to do with Gold Seal?

Mr. FUSCO. No, sir.

Mr. HALLEY. Was it some outside transaction?

Mr. FUSCO. It could have been. It wasn't Gold Seal. I am positive about Gold Seal.

The CHAIRMAN. Is he an officer with Gold Seal?

Mr. FUSCO. No. He is a stockholder.

The CHAIRMAN. How much stock does he own?

Mr. FUSCO. Twelve or fifteen percent, or something.

Mr. HALLEY. He is also with you in Cornell, is he not?

Mr. FUSCO. No, sir.

Mr. HALLEY. What is Cornell? Will you tell us about it?

Mr. FUSCO. Cornell is a distributing company.

Mr. HALLEY. Also a liquor-distributing company?

Mr. FUSCO. Yes, sir.

Mr. HALLEY. What do they handle?

Mr. FUSCO. They handle all the brands that we handle.

Mr. HALLEY. Why do you have a separate business?

Mr. FUSCO. Possibly we did that for taxes, made a partnership out of it.

Mr. HALLEY. What do you do, just split up the business between Gold Seal and Cornell?

Mr. FUSCO. They have a certain section of the city which gives them better distribution for the distillers. You see, after all, all the distillers are interested in is distribution. The only way you can give them distribution is that you have to be able to go into every little tavern and sell one or two or three bottles, whatever the man wants.

That is distribution. When you give a distiller distribution, that is what he wants. Of course, he wants a little volume with it.

Mr. HALLEY. What business do you want to talk about next?

Mr. FUSCO. What business? Let's stay right in the Gold Seal business.

Mr. HALLEY. Maybe we had better get back to Gold Seal anyhow. What kind of deal did you have with Whitely?

Mr. FUSCO. Whitely. I was distributor.

Mr. HALLEY. Who did you deal with on that?

Mr. FUSCO. Irving Haim.

Mr. HALLEY. Phil Kastel?

Mr. FUSCO. No. Irving Haim.

Mr. HALLEY. Did you know Phil Kastel?

Mr. FUSCO. I had met him. I never had no business dealings with him.

Mr. HALLEY. He was part of Whitely's, wasn't he?

Mr. FUSCO. I don't know nothing about it.

Mr. HALLEY. By the way, do you know Zwillman?

Mr. FUSCO. Who?

Mr. HALLEY. Longie Zwillman.

Mr. FUSCO. No. I know who you are talking about.

Mr. HALLEY. You know who I mean?

Mr. FUSCO. Yes.

Mr. HALLEY. But you have never met him:

Mr. FUSCO. No.

Mr. HALLEY. On Whitely's hadn't you heard that Phil Kastel and Frank Costello had an interest in Whitely's?

Mr. FUSCO. I never heard about Frank Costello having an interest in there, but in a roundabout way I heard about Phil, but not Frank Costello.

Mr. HALLEY. How long have you known Kastel?

Mr. FUSCO. Maybe 15 years, possibly.

Mr. HALLEY. Where did you meet him?

Mr. FUSCO. I think around New York.

Mr. HALLEY. Did you live in New York at the time?

Mr. FUSCO. No, sir. I never lived there.

Mr. HALLEY. You visit there frequently?

Mr. FUSCO. Sure.

Mr. HALLEY. What deal did you have on Whitely's?

Mr. FUSCO. I was distributor.

Mr. HALLEY. For what products?

Mr. FUSCO. King's Ransom and House of Lords and Whitely's Liqueur.

Mr. HALLEY. Did you have a deal for Whitely's whereby you paid some money to the O. D. Jennings Co.?

Mr. FUSCO. Who?

Mr. HALLEY. O. D. Jennings Co.

Mr. FUSCO. No. I never heard of that company.

Mr. HALLEY. Didn't you pay your bills to O. D. Jennings instead of paying it directly to Alliance?

Mr. FUSCO. If we did, it is a matter of record on our books. That I wouldn't know.

Mr. HALLEY. Wasn't the reason for that that Kastel owed Jennings some money for slot machines?

Mr. FUSCO. No, no.

Mr. HALLEY. And Jennings took the liquor for security?

Mr. FUSCO. No.

Mr. HALLEY. You say "No," but there is a record on it. Do you remember it one way or the other?

Mr. FUSCO. I will say this to you, that any record where we paid, Gold Seal has it. I would say right now, I am positive that Gold Seal never paid anybody for any liquor only they purchased the liquor from. That I am positive of. I am going to tell you about Gold Seal. I defy any liquor company in the United States has run a company any cleaner than Gold Seal, for the simple reason that Joe Fusco is connected with that company. I want you to know that. If you are talking about black market, Gold Seal never diverted one case of whisky outside of their customers, and Gold Seal or anybody connected with Gold Seal never received 1 penny outside of that. That is why maybe Gold Seal today is enjoying a nice business for the simple reason that we took care of every one of our customers. We took an allocation, we gave everybody an allocation, what they were entitled to from the purchases prior to when we were on allocation. In other words, if we were getting 10,000 cases from the distiller prior to the war and they gave us 4, and that means we were cut a certain percentage, any customer down the line was cut that much, and he got his allocation every month.

That is the way we run that business, and I want you and the whole body here to go to Gold Seal and check those books. I mean I really want that. I tell you the reason why I am here and I am tickled to death to be here, for the simple reason that maybe once and for all everybody concerned with the Government—I don't care about John Doe public because he doesn't mean nothing to me—are satisfied that we are running that business one million and one percent on the up and up. I would like you to go in there and I mean turn those books inside out, really go in there and give it a good cleaning, to see if you can find anything. By God, if you can find anything, you can say to me, "Fusco, we want you to step out of there," and I will be more than glad to step out of there tomorrow morning.

Mr. HALLEY. Was there some problem prior to 1942 about the Alcohol Tax Unit objecting to Gold Seal's having a license if you had any ownership?

Mr. FUSCO. I told you that. It was around 1939 or 1940. I stated that here before, that the Government through Yellowby's office at one time stated that we were in violation for the simple reason that the company did not notify the Alcohol Tax Unit at the time that I became in charge. I never became in charge. So there was never a violation.

Mr. HALLEY. What was the problem? Wasn't the problem not so much a technical violation of that kind, but rather that you were supposed to have a bad record during prohibition days?

Mr. FUSCO. I am sorry, I don't have a bad record.

Mr. HALLEY. I didn't say you did. I say wasn't that what they were worrying about?

Mr. FUSCO. My record hasn't changed any different today than it did at that time.

Mr. HALLEY. Your record will stand for itself, but isn't that what they were worried about?

Mr. FUSCO. No. The only thing is that they thought I was an undisclosed partner.

Mr. HALLEY. They thought the reason you were undisclosed was that your record was such that their license would be revoked if you were disclosed. Isn't that the whole point?

Mr. FUSCO. I don't know what their theory was, but I am just telling you that at the time they thought I was in control and that we did not notify them that I became the manager.

Mr. HALLEY. Who is William H. Tate?

Mr. FUSCO. He is a lawyer.

Mr. HALLEY. Does he represent Gold Seal?

Mr. FUSCO. No.

Mr. HALLEY. Did he ever?

Mr. FUSCO. He represented Gold Seal this time that we had this hearing. He and a fellow by the name of John Law.

Mr. HALLEY. Both represented Gold Seal?

Mr. FUSCO. They represented Gold Seal as the attorneys for Gold Seal and possibly me, and that is when we had a hearing here in Chicago. I think there was a fellow here by the name of Judge Alexander, who was the hearing officer. He came here. We had a couple of hearings here. Then we had a hearing in Washington—

Mr. HALLEY. Immediately prior to their representing you, hadn't they both worked for the Alcohol Tax Unit?

Mr. FUSCO. I think that they did; yes.

Mr. HALLEY. You don't want to say anything about that?

Mr. FUSCO. Outside of the fact that they worked for them, that is all I know. I tell the truth, the first time I ever met them was—no, I think they were in once investigating, and after that they had left they went into the law business. That is when we hired them, possibly a year or so later, as our attorneys.

John Law is dead now. William Tate has an office in Washington now. I don't think he has one in Chicago.

Mr. HALLEY. What are the "ice sheets" that Gold Seal has among its records?

Mr. FUSCO. Ice sheets? Well, now, what do you call ice sheets?

Mr. HALLEY. I don't know. What do you call them? I am asking.

Mr. FUSCO. I will tell you what ice sheets are. You call them ice sheets. We call them breakage and samples.

Mr. HALLEY. No; you call them ice sheets.

Mr. FUSCO. That means breakage and samples.

Mr. HALLEY. Doesn't your records bear the words "ice sheets"? I didn't make it up.

Mr. FUSCO. No; I don't think they say "ice sheets." It can. I have never seen it.

Mr. HALLEY. I think you should look them over. There are some records that say "ice sheets."

Mr. FUSCO. That could be breakage and samples.

Mr. HALLEY. It could be something else. It could be donations.

Mr. FUSCO. You mean of whisky?

Mr. HALLEY. Yes.

Mr. FUSCO. I said samples and breakage.

Mr. HALLEY. What is ice in the parlance of the trade, shall we say?

Mr. FUSCO. I would say that ice could mean a lot of things.

Mr. HALLEY. Ice is that which is given to public officials for graft, isn't it?

Mr. FUSCO. Well, now——

Mr. HALLEY. Isn't that the parlance of the trade?

Mr. FUSCO. Yes; but if I gave a man a case of whisky I wouldn't give it to him for graft.

Mr. HALLEY. Why do you call these ice sheets? Is that humor?

Mr. FUSCO. No.

Mr. HALLEY. Is it somebody being funny down at Gold Seal?

Mr. FUSCO. Possibly. But I know that we have a sample sheet, that we have a breakage sheet.

Mr. HALLEY. Do you give a lot of samples of liquor away?

Mr. FUSCO. Well, I would say that salesmen come in periodically, and they want a bottle for this guy or they come in with a broken bottle from this clerk. He thinks this barkeeper will do him a little good. He promised him a bottle for his birthday. I would say that.

Mr. HALLEY. Who is on your regular Christmas list for Gold Seal? Do you give anything to politicians?

Mr. FUSCO. I gave a lot of people whisky.

Mr. HALLEY. Let's answer the question.

Mr. FUSCO. Well, I mean——

The CHAIRMAN. How many cases do you give away every Christmas?

Mr. FUSCO. I don't think I give too many, maybe 20 or 25 cases.

Mr. HALLEY. Do you give any to any members of the police force?

Mr. FUSCO. I don't think so. I don't know whether we do or not.

Mr. HALLEY. Who do you give them to? Let's have the names of the people who receive liquor from you for Christmas?

Mr. FUSCO. If you were in Chicago maybe I would send you a case, too.

Mr. HALLEY. Maybe I would return it to you.

Mr. FUSCO. I don't know. I have never got any back. I don't know.

Mr. HALLEY. Don't duck the thing. We want to give you and we have given you a full opportunity to say what you wanted to on your behalf. If you are ashamed of it say so and we will treat it is something you have to be ashamed of. Otherwise, just tell us who you give liquor to and why. You probably have a good reason.

Mr. FUSCO. I tell you the truth, I have no reason. I mean, after all, it is a customary thing to give gifts. I give a lot of people gifts.

Mr. HALLEY. Who do you send them to? You must have a regular list for Christmas.

Mr. FUSCO. I may buy a guy a couple of neckties. I may buy another guy pajamas. I may send a guy whisky.

Mr. HALLEY. In the last 2 years——

Mr. FUSCO. I may send a box of fruits or something.

Mr. HALLEY. What you may do is of absolutely no interest to the record of this committee. What you did do is of interest. Have you given a gift to any public official in the city of Chicago in the past 2 years? If so, to whom and what?

Mr. FUSCO. And why?

Mr. HALLEY. You can add the "why." I said "what." If you want to add "why"——

Mr. FUSCO. No; I wanted to find out whether you said why or what. I don't think I want to answer that, frankly.

Mr. HALLEY. I will ask the chairman to order you to answer it.

The CHAIRMAN. Yes; we would like to know. You can make any explanation about it, just a matter of friendship——

Mr. FUSCO. It is nothing else but friendship. It is nothing else but friendship. I have yet to give anybody anything because they had done something for me. It may be customary. I think I get 25 boxes of fruit that I send to people, and I know that those 25 people look for that case of fruit every Christmas because I have done it over a matter of 10 years. Do you know what I am talking about?

Mr. HALLEY. I know you haven't answered the question.

Mr. FUSCO. I understand that, but I mean I can tell you the same thing, like maybe I send a certain fellow a case of whisky every Christmas for a Christmas present. I don't send him that case of whisky for the simple reason that tomorrow I am going back to him and say, "Hey, you have to do this or that for me."

Mr. HALLEY. We are having a nice unacrimonious——

Mr. FUSCO. I want to cooperate with you a million and one percent.

Mr. HALLEY. Statements of fact. There is a question on the floor, and you are filibustering.

The CHAIRMAN. Suppose you tell us how many officials you give cases of whisky to.

Mr. FUSCO. I wouldn't know offhand.

The CHAIRMAN. What would be your best idea?

Mr. FUSCO. I wouldn't know offhand how many.

The CHAIRMAN. Twenty-five, fifty, one hundred?

Mr. FUSCO. They are not all officials. A lot of them are just—I have a lot of friends who do a lot for me. In other words, if I have a man—if you know that I am interested in Sunnybrook, and I know that you walk in to bars, and I get you to switch from some other whisky to Sunnybrook or Schenley, and you say, "Jesus, I like that whisky, Joe, I am drinking it." Maybe at Christmastime you will find a case of Sunnybrook to your house. That doesn't mean that I sent him the case of whisky because I wanted the fellow to do something for me.

Mr. HALLEY. Now, what gifts have you given in the last 2 years to public officials, Mr. Fusco?

The CHAIRMAN. Something bigger than a box of fruit.

Mr. FUSCO. Or what?

Mr. HALLEY. Or a bottle of whisky.

The CHAIRMAN. That is, cases or several cases.

Mr. HALLEY. Or even a half case.

The CHAIRMAN. Or substantial amounts of money.

Mr. FUSCO. Why don't you say or a case?

The CHAIRMAN. All right, or a case of it. Let's take it that way.

Mr. FUSCO. None.

The CHAIRMAN. Then how many cases have you given away, not regarding who they have been given to for the time being?

Mr. FUSCO. I would say I give away 25 or 40 cases maybe at Christmastime.

Mr. HALLEY. To various public officials?

Mr. FUSCO. Not all public officials, maybe some of them. What the hell? I am telling you the truth, I have never given this whisky with any intention or purpose to go in there to ask for a favor or anything. Just like I say to you, if I know that you are a bourbon drinker or a scotch drinker, and I run into you at some bar, and I think I have a new scotch, Ambassador 12 and 25, and I want you to buy it. The first thing I hear is that you are buying that.

Mr. HALLEY. If you don't tell us about the whisky, I am going to ask you how many television sets you have given away pretty soon.

Mr. FUSCO. I will answer that one. None.

Mr. HALLEY. Seriously—

Mr. FUSCO. This is the God's honest truth. I have never given anybody over a case of whisky, and it has never been more than one.

Mr. HALLEY. Shall we say that habitually you give away certain cases of whisky to various people, including public officials, as Christmas gifts; is that correct?

Mr. FUSCO. Yes.

Mr. HALLEY. Do you give any other gifts other than cases of whisky?

Mr. FUSCO. No, sir. To personal friends.

Mr. HALLEY. Do those personal friends include politicians or public officials?

Mr. FUSCO. No.

Mr. HALLEY. Or police officers?

Mr. FUSCO. No. I mean, I tell you what I do. If you want to say this. I have maybe—everybody in the district, every cop in the district will come over on Christmas time and I will give him a bottle or two of whisky. You know, what the hell.

The CHAIRMAN. Do they all come by and get a bottle?

Mr. FUSCO. Every one of them in the station comes in and gets a bottle or two of whisky.

Mr. HALLEY. Do some come around twice?

Mr. FUSCO. If they do, what the hell is the difference? I may give away 7, 8, or 10 cases of whisky. They are around the place at nighttime and watch the place. We have a garage with trucks in there. There are 11 trucks and a safe. Maybe there are seven, eight, or ten thousand dollars in there. They cruise around there at nighttime a little bit. But they never come there, only once, on Christmas time. Then you give a lot of whisky to guys who drop in from all over. And half the time I am not in to see them. As far as the fellows in the district, yes, I give them a bottle or two of whisky every Christmas.

The CHAIRMAN. How many are in the district?

Mr. FUSCO. Oh, Christ, 200—250.

The CHAIRMAN. Let's get on.

Mr. HALLEY. Do you know Rocco, Vito, and Frank DeStefano?

Mr. FUSCO. Yes, sir.

Mr. HALLEY. Have you had business dealings with any of them?

Mr. FUSCO. Yes, sir.

Mr. HALLEY. Will you describe the business dealings?

Mr. FUSCO. Rocco and Frankie and Vito had some liquor stores out south, and I met them the first time I met them I think was in 1933 or 1934. I met them through their dad. They had a liquor store. The liquor store was called United. I think it was 208 East Fifty-

first Street. I went in and solicited them for some whisky, and I asked the old man, I said, "Mike, how far do you want me to go with these kids?"

He said, "Anything you give them I will back it up."

I have done business with them up until I think we are doing business today.

Mr. HALLEY. Have you had any other dealings with the DeStefanos?

Mr. FUSCO. With Rocco?

Mr. HALLEY. What?

Mr. FUSCO. Well, I interested him in the brewery.

Mr. HALLEY. What brewery?

Mr. FUSCO. The Bohemian Brewing Co.

Mr. HALLEY. He is a stockholder in that, is he not?

Mr. FUSCO. Yes.

Mr. HALLEY. Do you know Thomas Cassara?

Mr. FUSCO. Yes, sir.

Mr. HALLEY. He is the same fellow who owns, I guess or owned the Raleigh Hotel down in Miami?

Mr. FUSCO. He had some connection with it. I didn't know him at that time.

Mr. HALLEY. Then he got into the Wofford Hotel with Augie Pisano.

Mr. FUSCO. I didn't know him.

Mr. HALLEY. That is the same Cassara; isn't it?

Mr. FUSCO. I presume it is. I met him when he first came to Chicago, which I think was around 1945.

Mr. HALLEY. About a year later he got himself shot; is that right?

Mr. FUSCO. I don't know how much later it was.

Mr. HALLEY. 1946.

Mr. FUSCO. Was that it?

Mr. HALLEY. Yes.

Mr. FUSCO. That is when it happened.

Mr. HALLEY. What were your dealings with Cassara?

Mr. FUSCO. Cassara when he first came to Chicago I think was in 1944, he was working for Kennedy, the Somerset Import Co. He was their representative here. He used to call on the trade as a missionary man, and that is when I first met Tom Cassara in Chicago. He came into our office and introduced himself. From then on we knew Tom Cassara's working for Somerset in Chicago. Later on he opened a company here called the Raleigh Distributing Co. He became one of the distributors with us. In other words, he came in and became a distributor for the Somerset line.

Mr. HALLEY. What are your relations with Ralph Buglio?

The CHAIRMAN. I don't understand where we had Cassara. What is his relation with you now?

Mr. FUSCO. Oh, none at all. No relation at all outside of when he worked with Somerset, but when he left Somerset and went in business for himself, I had no relations with him.

The CHAIRMAN. When was that?

Mr. FUSCO. I don't know. Maybe 1946. I don't know when it was, 1945, 1946. It was before he was shot.

Mr. HALLEY. What are your relations with Ralph Buglio?

Mr. FUSCO. No relations outside of selling him a little beer.

Mr. HALLEY. Isn't he in with the DeStefanos?

Mr. FUSCO. I don't think he was. I think his wife was interested in the store.

Mr. HALLEY. You have extended quite a bit of credit to the De-Stefanos, haven't you?

Mr. FUSCO. Yes.

Mr. HALLEY. They are good friends of yours?

Mr. FUSCO. Yes, sir.

Mr. HALLEY. What is the Illinois Wholesale Liquor Dealers Association?

Mr. FUSCO. It is an association here in Chicago.

Mr. HALLEY. Are you a member?

Mr. FUSCO. I am back as a member now, yes.

Mr. HALLEY. You are back as a member?

Mr. FUSCO. Yes.

Mr. HALLEY. Were you out?

Mr. FUSCO. Yes. They threw us out of there.

Mr. HALLEY. Who threw you out?

Mr. FUSCO. The association.

Mr. HALLEY. The association?

Mr. FUSCO. Yes.

Mr. HALLEY. Threw you and who else out?

Mr. FUSCO. Our company.

Mr. HALLEY. Why did they throw you out?

Mr. FUSCO. They had a strike here a couple of years ago on the salesmen. They locked the salesmen out, and our advice from our attorneys was that we would be in violation to do that, so we agreed not to go along with the association. We went along with the union. Because we didn't go along with the association, they asked us to resign from the association. After about 6 months they realized that we were right and they asked us to go back and we didn't want to go back in there. We stayed out for about 14 or 15 months. They had everybody in the United States trying to get us back in there. So to our sorrow we went back in there. We are not happy, but we went back in there. I see now where the Supreme Court—they lost their case in the Supreme Court and they have to pay their salesmen for all the time that they were out. We continued in business and enjoyed a business while everybody was on strike.

Mr. HALLEY. That was in 1948?

Mr. FUSCO. Yes, a couple of years ago.

Mr. HALLEY. When you went out, did Ingrassia go out?

Mr. FUSCO. Nobody went out with us.

Mr. HALLEY. Ingrassia?

Mr. FUSCO. Nobody went out with us.

Mr. HALLEY. He stayed in the association?

Mr. FUSCO. If he was a member he stayed in.

Mr. HALLEY. He was a member, wasn't he?

Mr. FUSCO. I think he is vice president.

Mr. HALLEY. Yes. He was one of the people you argued with?

Mr. FUSCO. What?

Mr. HALLEY. He was one of the people with whom you were having your dispute.

Mr. FUSCO. We had nothing, no argument with anybody. I wasn't even in Chicago when it happened.

Mr. HALLEY. Where were you?

Mr. FUSCO. I was in Hot Springs. I talked to my partner. He called me on the phone. He said, "What do you think we ought to do?" I said, "As long as the association wants to break the union and you have advice from your attorneys, from labor counsel, whoever it is, that they think you shouldn't go with them, follow their orders. Let's stay in business and mind our own business."

I said to him on top of it I want you to resign. That was the only thing he didn't do. I wanted to beat them to the punch. I wanted to resign and not give them the benefit of firing us from there.

Mr. HALLEY. What were your relations with Joe O'Neill during this strike?

Mr. FUSCO. No relations at all.

Mr. HALLEY. Did you have any discussions with him?

Mr. FUSCO. I was in Hot Springs. Before, yes.

Mr. HALLEY. What were the discussions?

Mr. FUSCO. We tried to settle the dispute that they had. They wanted more money, and we tried to tell Joe he couldn't get any more money, that there wasn't room for it. He said, "I have to get more money for my men."

I said, "Well, do the best you can." That is all. I went away. I went to Florida and went to Hot Springs.

Mr. HALLEY. What did you do, just try to walk away from it?

Mr. FUSCO. Sure. I told them to do what they wanted. If they wanted to break the union let them break it.

Mr. HALLEY. You had no break, though, did you?

Mr. FUSCO. No. We enjoyed nice business. We were alone. We were doing all right when everybody was striking.

Mr. HALLEY. Abe Kaplan, you say, is not with you any more?

Mr. FUSCO. No, sir. I did not say that.

Mr. HALLEY. Oh, no. He is the one who is with you.

Mr. FUSCO. Alpern is not.

Mr. HALLEY. Yes. Does Abe Kaplan also have the Midwest Liquor at East Chicago, Ind.?

Mr. FUSCO. Yes, sir.

Mr. HALLEY. Are you in that with him?

Mr. FUSCO. No, sir.

Mr. HALLEY. Are you able to say whether or not you or any of your associates have used intimidation as a method of getting business in the liquor industry?

Mr. FUSCO. Positively not.

Mr. HALLEY. Have you heard charges made by various of your competitors that you have used it?

Mr. FUSCO. Not directly.

Mr. HALLEY. Have you heard it indirectly?

Mr. FUSCO. Well, I guess from the Alcohol Tax Unit going around investigating, and they found otherwise.

Mr. HALLEY. When did they last investigate?

Mr. FUSCO. Oh, possibly a year ago.

Mr. HALLEY. Do you know the Fischettis?

Mr. FUSCO. I know of them.

Mr. HALLEY. You say you know of them?

Mr. FUSCO. Yes, sir.

Mr. HALLEY. Do you know them personally?

Mr. FUSCO. Yes, I have met them, talked to them. I never had any dealings with them.

Mr. HALLEY. Did you ever visit them in Florida?

Mr. FUSCO. No.

Mr. HALLEY. Did they ever visit you?

Mr. FUSCO. No.

Mr. HALLEY. Do you know Tony Accardo?

Mr. FUSCO. Yes, sir.

Mr. HALLEY. Have you ever visited him?

Mr. FUSCO. No, sir.

Mr. HALLEY. Has he visited you?

Mr. FUSCO. No, sir.

Mr. HALLEY. Do you know Hymie Levin?

Mr. FUSCO. Who?

Mr. HALLEY. Hymie Levin.

Mr. FUSCO. Yes.

Mr. HALLEY. Any social relations with him?

Mr. FUSCO. No.

Mr. HALLEY. Any business relations?

Mr. FUSCO. No, but I have visited Hymie, 3 or 4 years ago.

Mr. HALLEY. Do you know Jake Guzik?

Mr. FUSCO. Yes.

Mr. HALLEY. Do you have any social or business relationships with him?

Mr. FUSCO. No. I see him occasionally.

The CHAIRMAN. What do you see him about?

Mr. FUSCO. Just wherever I happen to run into him.

Mr. HALLEY. Do you know Mickey Cohen?

Mr. FUSCO. No, sir. I have never seen him.

Mr. HALLEY. Do you know Tony Gizzo?

Mr. FUSCO. I have seen him in a cafe.

Mr. HALLEY. What cafe?

Mr. FUSCO. I think it was here in Chicago, the Chez Paree.

Mr. HALLEY. That is quite a hang-out, isn't it?

Mr. FUSCO. Well, there is only one cafe in Chicago that you can say is a cafe. With me it is my business. I am in all these places. Possibly that is why I happen to enjoy some business with the people. I go around. I put in 15 or 16 hours a day in my business. This is a personalized business.

Mr. HALLEY. Have you been in any other business but the liquor business?

Mr. FUSCO. No.

The CHAIRMAN. How about the cigarette-distributing business?

Mr. FUSCO. No, sir.

Mr. HALLEY. I don't think we have covered all your corporations, have we?

Mr. FUSCO. We talked about them prior. The Senator there asked me some questions about—what I found out since when I told you that the worth of Gold Seal was included in Rembrandt. It is separate altogether, but it is a wholly owned subsidiary of Gold Seal.

Mr. HALLEY. Who is in Bohemian now besides yourself? Who are the other stockholders?

Mr. FUSCO. There is Milton Friedman. There is De Stefano, Gamble, myself, Bill Hoffman, Frank Kaufman. I think that is all.

Mr. HALLEY. With whom are you interested in your oil ventures?

Mr. FUSCO. Steelco.

Mr. HALLEY. Who is Steelco? That doesn't mean anything to me.

Mr. FUSCO. A company called the Steelco Co. Jack Steel is the president.

Mr. HALLEY. Do you have a home in Miami Beach?

Mr. FUSCO. No.

Mr. HALLEY. You do not?

Mr. FUSCO. I did.

Mr. HALLEY. When did you sell it? In 1947?

Mr. FUSCO. Yes. I was down there. I was sick. I stayed down there about 6 months.

Mr. ROBINSON. Where did you live in Florida?

Mr. FUSCO. Since I sold my home I stay at the Martinique Hotel.

Mr. HALLEY. Do you know Yiddie Bloom?

Mr. FUSCO. Yiddie Bloom?

Mr. HALLEY. Kid Cann?

Mr. FUSCO. From Minneapolis?

Mr. HALLEY. Yes.

Mr. FUSCO. I know of him.

Mr. HALLEY. You met him there at the Martinique?

Mr. FUSCO. I don't think I met him at the Martinique; no.

Mr. HALLEY. Do you do any business with him?

Mr. FUSCO. No.

Mr. HALLEY. Where did you meet him?

Mr. FUSCO. I think I met him around Chicago.

Mr. ROBINSON. You have had no business relations with him?

Mr. FUSCO. No. I think the last time—I think when I saw him in Chicago he had a roller-skating show or something. That was 4 or 5 years ago or so.

Mr. ROBINSON. Do you know whether or not he has an interest in the Martinique Hotel?

Mr. FUSCO. No; I don't. All I know there is a fellow by the name of Cohen.

Mr. ROBINSON. To get back to the Gold Seal Co., you were first employed there as a salesman?

Mr. FUSCO. That is right.

Mr. ROBINSON. What year was that?

Mr. FUSCO. Possibly late 1935 or 1936.

Mr. ROBINSON. While you were there as a salesman did you have a tax assessment against you for some purpose? Did that have anything to do with your not being able to become an official of the company?

Mr. FUSCO. No, sir.

Mr. ROBINSON. Or the company's getting a permit?

Mr. FUSCO. No.

Mr. ROBINSON. William Gamble is your brother-in-law?

Mr. FUSCO. Yes, sir.

Mr. ROBINSON. Both he and Louis Alpern were officers of that company?

Mr. FUSCO. Yes, sir.

Mr. ROBINSON. When did you become an officer?

Mr. FUSCO. I think it was in 1942.

Mr. ROBINSON. At that time did Alpern drop out?

Mr. FUSCO. Afterward.

Mr. ROBINSON. After what?

Mr. FUSCO. After I was in.

Mr. ROBINSON. How soon after you were in did Alpern drop out?

Mr. FUSCO. Oh, I don't know, maybe a year. I don't know.

Mr. ROBINSON. A little less than a year, was it?

Mr. FUSCO. Maybe so.

Mr. ROBINSON. Just about the same time did Gamble transfer quite an amount of stock to you?

Mr. FUSCO. When I first went in there I purchased some stock from Gamble.

Mr. ROBINSON. Didn't he transfer some stock to you after you became an officer?

Mr. FUSCO. As I became an officer.

Mr. ROBINSON. After you became.

Mr. FUSCO. I purchased—

Mr. ROBINSON. You purchased from Gamble?

Mr. FUSCO. Yes.

Mr. ROBINSON. Did you also purchase from Milton Friedman?

Mr. FUSCO. Later on.

Mr. ROBINSON. About 1947?

Mr. FUSCO. Whenever it was.

Mr. ROBINSON. How many shares did Friedman get in Gold Seal originally?

Mr. FUSCO. I think when they merged their company with Gold Seal he and his partner—I think they got around a third.

Mr. ROBINSON. Didn't he have one share at 272 and one for 43½?

Mr. FUSCO. I wouldn't know; 43½ was I think when I got it.

Mr. ROBINSON. Did he hold those shares on your behalf?

Mr. FUSCO. Yes. He had the right to purchase for me.

Mr. ROBINSON. This is while you were still a salesman?

Mr. FUSCO. No. That is when I became an officer.

Mr. ROBINSON. Was the Famous Liquor Co. merged with Gold Seal?

Mr. FUSCO. Yes, sir.

Mr. ROBINSON. Who made the application, Famous Liquor or Gold Seal?

Mr. FUSCO. I think Gold Seal did.

Mr. ROBINSON. Did Famous Liquors apply for a permit in August of 1941?

Mr. FUSCO. I couldn't answer that, I don't know.

Mr. ROBINSON. Did they fail to get it, do you recall?

Mr. FUSCO. I don't think so.

Mr. ROBINSON. You don't recall their failing to get it on the grounds that they misrepresented the application?

Mr. FUSCO. No, sir.

Mr. ROBINSON. Do you remember their making an offer in compromise on June 8, 1942, for \$5,000?

Mr. FUSCO. That was for me.

Mr. ROBINSON. What?

Mr. FUSCO. That was on account of me. That is why we were in Washington. There was no difference. It was Gold Seal.

Mr. ROBINSON. And not Famous Liquors?

Mr. FUSCO. No, sir.

Mr. ROBINSON. You did subsequently receive an importer's basic permit and a wholesaler's basic permit?

Mr. FUSCO. Yes, sir.

Mr. ROBINSON. What is the status of those permits at the present time?

Mr. FUSCO. They are still in effect.

Mr. ROBINSON. Has there been any action taken to suspend them?

Mr. FUSCO. No, sir.

Mr. ROBINSON. Do you know Louis Schiavone?

Mr. FUSCO. Who?

Mr. ROBINSON. Louis Schiavone.

Mr. FUSCO. I know of him.

Mr. ROBINSON. Do you know what he did?

Mr. FUSCO. What business he was in? No.

Mr. HALLEY. You were never arrested with him?

Mr. FUSCO. Yes.

Mr. ROBINSON. When?

Mr. FUSCO. Oh, Christ. Some time away back. I don't know when.

Mr. ROBINSON. During the prohibition era?

Mr. FUSCO. I tell you where it was at.

Mr. ROBINSON. Tell me about it.

Mr. FUSCO. I was in Mann's restaurant and I met him in there. We walked out together. We got picked up in front of Mann's restaurant on Lake Street. What year it was I couldn't tell you.

Mr. ROBINSON. What were you picked up for?

Mr. FUSCO. They just picked us up for anything. The coppers just pick you up.

Mr. ROBINSON. What happened? What did they take you in for?

Mr. FUSCO. They just took us in.

Mr. ROBINSON. And then released you?

Mr. FUSCO. Yes.

Mr. ROBINSON. They made no charge?

Mr. FUSCO. No.

Mr. ROBINSON. Was Schiavone working for Paul DeLucia at the time?

Mr. FUSCO. I don't know.

Mr. ROBINSON. What is the slogan for the Cornell Distributing Co.?

Mr. FUSCO. Slogan?

Mr. ROBINSON. Yes. You have a slogan for the company?

The CHAIRMAN. The trade name.

Mr. FUSCO. Cornell Distributing Co.

Mr. ROBINSON. It is called "The Home of Old-Timers."

Mr. FUSCO. No. Unless we have a brand or something we call that?

Mr. ROBINSON. Isn't that on the stationery of the company? You don't know that?

Mr. FUSCO. If it is, I don't know. They could have had it. Maybe we had an old brand by that name. That was a company that was bought, so they could have carried on that slogan. To tell you the truth, I never paid any attention to it.

Mr. ROBINSON. Who is Sam Pokrass?

Mr. FUSCO. Sam Pokrass is a partner of Gold Seal. He owns a liquor company in Wisconsin.

Mr. ROBINSON. What is that company?

Mr. FUSCO. I think it is Wisconsin Wine & Liquor Co.

Mr. ROBINSON. A distributor of liquor?

Mr. FUSCO. Yes, and a rectifier.

Mr. ROBINSON. You both are stockholders in that company or is it a partnership?

Mr. FUSCO. No, we have no interest in it at all. He has an interest in Gold Seal, but nobody at Gold Seal has an interest in his company.

Mr. ROBINSON. Is he also connected with the Rogwill Sales Co?

Mr. FUSCO. I don't know nothing about it. It is personal. I don't know anything about it.

Mr. ROBINSON. You have no interest in that company yourself?

Mr. FUSCO. No, sir. Nobody in Gold Seal has an interest in that company.

Mr. ROBINSON. Pokrass and his wife are partners with you in Cornell?

Mr. FUSCO. His wife, not Pokrass.

The CHAIRMAN. Why his wife and not him? Has he got some record or something?

Mr. FUSCO. He has a license in Wisconsin. So he can't have a record. It is a partnership. Maybe it is a tax thing.

Mr. HALLEY. You have a license in Illinois, but you have a record.

Mr. FUSCO. Who has a record?

Mr. HALLEY. Weren't you convicted once on a liquor violation?

Mr. FUSCO. Me? No.

Mr. HALLEY. I thought you said you were.

Mr. FUSCO. No. I was arrested; that don't mean I was convicted.

Mr. HALLEY. Weren't you convicted?

Mr. FUSCO. No, sir. In 1924 I told you that there was some whisky store in this garage where I was a punk kid. I was an officer of this company, and I didn't know what I know today and when I left that company I never resigned as an officer. Four years or so later that company was arrested for storing some whisky and I was arrested as being an officer of that company. I never took the stand because there was no use my taking the stand and denying I was ever an officer of that company because after all it was on there black and white.

The CHAIRMAN. Did they let you off?

Mr. FUSCO. There were 15 guys or something there. They held me and a fellow by the name of Juffra for conspiracy. The day that we came up for sentence I think it was Judge Barnes dismissed me. He sentenced Juffra to 18 months or something, whatever he got, and he dismissed me and dismissed my indictment. So if that is a record, that is what I have got.

Mr. HALLEY. There was no conviction?

Mr. FUSCO. No, sir. The only conviction I got is in 1919 or 1920. I was driving a truck for the same company and had 20 barrels of beer on it. I was coming from Joliet. I was stopped on the highway. It was supposed to be near-beer. I tell you to this day at the time I went for this beer it was supposed to be near-beer. I didn't know any different. I was stopped on the highway by a fellow by the name of Harris, from Washington, and a fellow by the name of Campbell, from Chicago, who is an agent. They stopped me on the road and took out their tester, whatever it was, and they drilled the barrels of beer and took a sample out of it and found out it wasn't near-beer.

Mr. HALLEY. Were you convicted then?

Mr. FUSCO. Later on I found out, some years later, I found out that some way somehow the case was disposed of and I was supposed to have gotten a \$50 fine.

Mr. HALLEY. You were convicted on that one?

Mr. FUSCO. If that is what you call it, I was. I didn't know that until when I applied in 1942, when I applied for our permit. That is when I think it was Tate or Law brought it up. That was the first time I ever knew I had a \$50 fine against me.

The CHAIRMAN. Let's get on.

Mr. ROBINSON. Do you know the Alleys Breweries?

Mr. FUSCO. Alleys Breweries?

Mr. ROBINSON. Yes.

Mr. FUSCO. I think any brewery that was in an alley.

Mr. ROBINSON. No; by the name of Alleys Breweries.

Mr. FUSCO. No.

Mr. ROBINSON. You never heard of that?

Mr. FUSCO. No.

Mr. ROBINSON. I believe you stated you were in the cartage business; is that correct?

Mr. FUSCO. I was not. I was an officer in this company and never owned any stock and never had any interest in there, but I was an officer in there, and I was a driver. I was a truck driver. But I was not in the cartage business.

Mr. ROBINSON. Do you know Phil D'Andrea?

Mr. FUSCO. Yes.

Mr. ROBINSON. Was he in that business?

Mr. FUSCO. Not to my knowledge.

Mr. ROBINSON. Not to your knowledge. You don't know whether he was in the cartage business?

Mr. FUSCO. Oh. I think that at one time he may have had some dump trucks. I don't remember.

Mr. ROBINSON. This wasn't the same cartage business?

Mr. FUSCO. No, no, no. He was hauling dump for the city or something. I don't know.

Mr. ROBINSON. Was the Gold Seal Co. named as a defendant at one time and you also, in connection with a violation of a law involving running liquor into the State of Oklahoma and Kansas?

Mr. FUSCO. No, sir.

Mr. ROBINSON. It never was?

Mr. FUSCO. No, sir.

Mr. ROBINSON. Never named as a defendant?

Mr. FUSCO. No, sir.

Mr. ROBINSON. In 1941.

Mr. FUSCO. We never sold no whisky out of the State of Illinois.

Mr. ROBINSON. I didn't ask you that. I asked whether you were ever named as a defendant.

Mr. FUSCO. No.

Mr. ROBINSON. How did you get interested in the Joliet Citizens Brewery, now the Bohemian Brewery?

Mr. FUSCO. A fellow by the name of Frank Hoffman brought the deal to me. I didn't think too much of it. He thought it was a pretty good thing. He was a fellow I knew for many years. He lost an

arm. He wanted to get in the beer business. I said, "Well, I will talk to a few fellows and see if they are interested in it. Maybe we can make a deal.

Mr. ROBINSON. Did you talk to them?

Mr. FUSCO. I talked to Friedman. I talked to DeStefano. I talked to Manno. I talked to Gamble.

Mr. ROBINSON. They were all brought in at the same time?

Mr. FUSCO. Yes.

Mr. ROBINSON. Did you receive any dividends from that company?

Mr. FUSCO. No, sir.

Mr. ROBINSON. None whatsoever?

Mr. FUSCO. No, sir.

Mr. ROBINSON. No income of any sort?

Mr. FUSCO. It has been outgoing, the other way.

Mr. ROBINSON. You turned your dividends back into the company?

Mr. FUSCO. It is the other way around. I kept putting in.

Mr. ROBINSON. Do you hold a mortgage on it?

Mr. FUSCO. Yes, sir.

Mr. ROBINSON. Along with Manno?

Mr. FUSCO. Everybody who has money in there; yes, sir.

Mr. ROBINSON. Is any interest paid on the mortgage?

Mr. FUSCO. No. They owe it. Every time I go out there I am glad I can get out of there before they can ask for more money.

Mr. ROBINSON. Who did you visit in Hot Springs?

Mr. FUSCO. I don't visit anybody in particular in Hot Springs.

Mr. ROBINSON. Do you have any associates there or any acquaintances?

Mr. FUSCO. Anybody who happens to be down there when I am there.

The CHAIRMAN. Joe Adonis, Frank Costello, Meyer Lansky?

Mr. FUSCO. I don't know Joe Adonis. I have seen Frank Costello down there. I don't know Lansky.

Mr. HALLEY. When you say you have seen Frank Costello, do you mean you know him or you don't?

Mr. FUSCO. I know who he is.

The CHAIRMAN. Do you have any business with him?

Mr. FUSCO. No.

The CHAIRMAN. "Nig" Rosen?

Mr. FUSCO. I don't know him.

Mr. HALLEY. Do you know Johnnie King?

Mr. FUSCO. Around Florida?

Mr. HALLEY. Yes.

Mr. FUSCO. Yes. I know him when I see him around Twenty-third Street.

Mr. HALLEY. Your answers trouble me. For awhile I thought you were being really frank.

Mr. FUSCO. I am very frank with you.

Mr. HALLEY. And then, when Mr. Robinson asked you if you knew Schiavone, you said you knew of him.

Mr. FUSCO. That is right.

Mr. HALLEY. Then when I found out you were actually arrested with him it seemed to me you were trying deliberately to evade the question.

Mr. FUSCO. That doesn't make me know him because I got arrested with him.

Mr. HALLEY. You must have been with him.

Mr. FUSCO. No; I wasn't with him. I happened to walk out at the same time that he walked out.

Mr. HALLEY. You mean you didn't know him at all?

Mr. FUSCO. Yes. I know him to say hello.

Mr. HALLEY. Why do you say you knew of him? Are you trying to move away from him?

Mr. FUSCO. No; I ain't ducking nobody.

Mr. HALLEY. Do you know Costello or don't you?

Mr. FUSCO. Frank Costello, I know him to say hello to him.

Mr. HALLEY. Have you ever had any business dealings with him?

Mr. FUSCO. I have never had any business dealings with him.

Mr. HALLEY. Unless he happened to be in this deal with Kastel.

Mr. FUSCO. If he was, I know nothing about it.

Mr. HALLEY. How about Johnnie King?

Mr. FUSCO. I just know him to see him and say hello to him on Twenty-third Street if I happen to go to the barber shop or something.

Mr. HALLEY. You never had any business with him?

Mr. FUSCO. No.

The CHAIRMAN. Anything else?

Mr. ROBINSON. Yes.

You had some difficulty getting a permit for Gold Seal, isn't that right?

Mr. FUSCO. Yes, in 1941 or 1942; yes.

Mr. ROBINSON. Who assisted you in getting the permit?

Mr. FUSCO. We had attorneys by the names of Law and Tate.

Mr. ROBINSON. Those were the only ones?

Mr. FUSCO. Yes.

Mr. ROBINSON. Did you ever ask anyone else to intercede for you to help you get the permit?

Mr. FUSCO. No, sir.

Mr. ROBINSON. Anyone in public office?

Mr. FUSCO. No, sir.

Mr. ROBINSON. You have never asked any Congressman to help you?

Mr. FUSCO. No, sir.

Mr. ROBINSON. Have you ever extended credit to the stores which are operated by Anthony and Ben Fellichio?

Mr. FUSCO. Sure.

Mr. ROBINSON. What are the names of those stores?

Mr. FUSCO. Rush Liquors.

Mr. ROBINSON. How long have you known those two individuals?

Mr. FUSCO. I would say that I—Oh, I have known them for many years, but I have done business with them I think since about 1946 or 1945 when they went in business.

Mr. ROBINSON. What business are they in?

Mr. FUSCO. They are in the retail liquor business.

Mr. ROBINSON. Is that the only business that you know of that they are in?

Mr. FUSCO. Yes, sir.

Mr. ROBINSON. How about Louis Briata?

Mr. FUSCO. I think he is one of the partners.

Mr. ROBINSON. In the same company?

Mr. FUSCO. Yes.

Mr. ROBINSON. James Nuzzo?

Mr. FUSCO. Yes.

Mr. ROBINSON. He is also a partner?

Mr. FUSCO. I think he is.

Mr. ROBINSON. Have you known all of them about the same length of time?

Mr. FUSCO. Yes.

Mr. ROBINSON. What business is Pat Manno in?

Mr. FUSCO. Tailoring business as far as I know.

Mr. ROBINSON. Pardon?

Mr. FUSCO. The tailoring business, as far as I know.

Mr. ROBINSON. What sort of tailor? Do you know any more about it?

Mr. FUSCO. DeGeorge Tailoring.

Mr. ROBINSON. He is associated with him?

Mr. FUSCO. DeGeorge Tailoring.

Mr. ROBINSON. What is his interest in that?

Mr. FUSCO. I don't know. He has an interest in it, that is all I know.

Mr. ROBINSON. Is he a close friend of yours?

Mr. FUSCO. Yes.

Mr. ROBINSON. You have known him for quite a long time?

Mr. FUSCO. Yes.

Mr. ROBINSON. That is the only business that you know that he is in?

Mr. FUSCO. That is right.

Mr. ROBINSON. That is his only source of income so far as you know?

Mr. FUSCO. So far as I know, yes.

Mr. ROBINSON. Have you ever inquired or talked about his business at any time?

Mr. FUSCO. That is one thing I never do, ask anybody their business. I never ask them their business, their politics, their religion.

Mr. ROBINSON. You have heard he was in the policy and numbers business?

Mr. FUSCO. Well, I read it in the paper. I don't believe I have ever seen that in the newspaper.

Mr. ROBINSON. Have you ever seen it in the newspapers?

Mr. FUSCO. Lately here I have

Mr. ROBINSON. That is the only time?

Mr. FUSCO. That is right.

Mr. ROBINSON. You never discussed that with him?

Mr. FUSCO. No, sir.

Mr. ROBINSON. How about Peter Tremont?

Mr. FUSCO. He is in the automobile business.

Mr. ROBINSON. That is the only business that you know of that he is in?

Mr. FUSCO. That is right.

Mr. ROBINSON. You never had any indication that he is in the policy business?

Mr. FUSCO. No.

Mr. ROBINSON. Do you know Mr. Elrod?

Mr. FUSCO. Artie Elrod, yes.

Mr. ROBINSON. Is he one of those that you send cases of liquor to?

Mr. FUSCO. I don't think so.

Mr. ROBINSON. You don't think he is?

Mr. FUSCO. No.

Mr. ROBINSON. Do you know William Connors?

Mr. FUSCO. Who?

Mr. ROBINSON. William Connors.

Mr. FUSCO. No. Oh——

Mr. ROBINSON. Ward committeeman.

Mr. FUSCO. Yes.

Mr. ROBINSON. Is he one that you send cases of liquor to?

Mr. FUSCO. No.

Mr. ROBINSON. Do you know James Adducci?

Mr. FUSCO. Yes.

Mr. ROBINSON. Do you send cases of liquor to him?

Mr. FUSCO. I may have.

Mr. ROBINSON. You may have.

Mr. FUSCO. I may have; yes.

Mr. ROBINSON. How about Mr. Petrone?

Mr. FUSCO. No.

Mr. ROBINSON. Mr. Korshak?

Mr. FUSCO. No.

Mr. ROBINSON. Captain Harrison?

Mr. FUSCO. No.

Mr. ROBINSON. Did you ever send liquor to him?

Mr. FUSCO. No.

Mr. ROBINSON. Mr. Walsh?

Mr. FUSCO. Who?

Mr. ROBINSON. The sheriff, Mr. Walsh.

Mr. FUSCO. I don't know him.

Mr. ROBINSON. Mr. Boyle?

Mr. FUSCO. I don't know him.

Mr. ROBINSON. How about Mr. Bokaro? You don't know him?

Mr. FUSCO. I think he is one of the politicians; is he? I have never seen the man.

Mr. ROBINSON. Do you gamble to a considerable extent?

Mr. FUSCO. Do I?

Mr. ROBINSON. Yes.

Mr. FUSCO. What do you mean by "gamble"? I bet on horses, if that is what you mean.

Mr. ROBINSON. Where do you bet?

Mr. FUSCO. At the race track.

Mr. ROBINSON. Anywhere else?

Mr. FUSCO. No, sir.

Mr. ROBINSON. What did you receive by way of income from gambling last year?

Mr. FUSCO. Last year?

Mr. ROBINSON. Yes.

Mr. FUSCO. Thirty-some-odd thousand.

Mr. ROBINSON. Around \$37,000?

Mr. FUSCO. Something like that.

Mr. ROBINSON. That is solely on betting at the race track?

Mr. FUSCO. Yes.

Mr. ROBINSON. What amount do you bet during the course of the year?

Mr. FUSCO. Oh, I bet as high as \$500.

Mr. ROBINSON. No; what is your total over-all betting during the course of a year to warrant that gain?

Mr. FUSCO. Oh, I don't know. You have winners and you have losers.

Mr. ROBINSON. Do you remember what your betting was, your income from wagers, in 1948?

Mr. FUSCO. 1948?

Mr. ROBINSON. Was it about the same amount?

Mr. FUSCO. A little less, I think.

Mr. ROBINSON. Was it less the previous year?

Mr. FUSCO. Yes.

Mr. ROBINSON. Has it steadily increased?

Mr. FUSCO. In those years.

Mr. ROBINSON. What is the Joseph F. Fusco Foundation?

Mr. FUSCO. A charitable foundation that I have.

Mr. ROBINSON. When did you establish that trust company?

Mr. FUSCO. A couple of years ago.

Mr. ROBINSON. What is the purpose of the organization?

Mr. FUSCO. Charity.

The CHAIRMAN. What kind of charity, Mr. Fusco?

Mr. FUSCO. Any charity operation that I want to give money to.

The CHAIRMAN. Are you the sole director of it?

Mr. FUSCO. I am the president, and I have my brother in there and my sister. The three of us can sign checks.

Mr. ROBINSON. Do you run an institution of some sort?

Mr. FUSCO. It is a corporation; it is a foundation. If he decided he wanted to give some charitable organization a check, he either asks my sister or asks me, and we will send them a check. I have certain people that I send a check to every year. He went to school at Lawrence College.

The CHAIRMAN. All right.

Mr. ROBINSON. That is all.

The CHAIRMAN. That is all.

Mr. FUSCO, your income a year is around \$100,000, I take it?

Mr. FUSCO. It is a little more.

The CHAIRMAN. How much, approximately?

Mr. FUSCO. It runs \$110,000 or \$120,000.

The CHAIRMAN. How do you consistently win betting on the horses?

Mr. FUSCO. Well, I don't know. You don't consistently win. I have days that I lose.

The CHAIRMAN. I know, but year after year you seem to have \$30,000 profit.

Mr. FUSCO. I went out to the track and had a pretty good day.

The CHAIRMAN. But, in the nature of things, over a period of a year you are supposed to lose.

Mr. FUSCO. I don't know. I don't bet crazy. After all, I follow a horse. I just took a crazy stab Saturday and bet one jockey. The jockey won four straight races.

The CHAIRMAN. Do you have any——

Mr. FUSCO. If I got the race track's money, I am going to sock it into them.

The CHAIRMAN. Over a period of a year you are supposed to lose, not win.

Mr. FUSCO. Who says that?

The CHAIRMAN. That is the percentage.

Mr. FUSCO. Well, if I go to the track every day, maybe that would happen to me, too.

The CHAIRMAN. Do you have inside information from some of the owners and what not?

Mr. FUSCO. No. You always find a lot of touts around the race track always trying to give you a winner. They may think I am a \$20 better. So, if a guy comes up to you and says, "I have a horse; I think is going to win," I will say, "Here is \$20; go and bet \$10 and bet \$20 for me." If I like the horse, I may walk over and bet \$500 unbeknown to him.

The CHAIRMAN. Who is your regular lawyer?

Mr. FUSCO. Lawyer?

The CHAIRMAN. Yes, for Gold Seal.

Mr. FUSCO. I think Sam Golan is our lawyer.

The CHAIRMAN. You would know who your lawyer was; would you not? That is a big corporation.

Mr. FUSCO. Sam Golan.

The CHAIRMAN. Who is your personal lawyer?

Mr. FUSCO. Personal? I haven't any. That is why I am here alone. I haven't any personal lawyer. I don't get in trouble. I don't need no lawyer.

Mr. HALLEY. You need a lawyer.

Mr. FUSCO. I don't; no.

The CHAIRMAN. Will you just list how many stockholders are in Gold Seal?

Mr. FUSCO. Stockholders in Gold Seal? There is Friedman, Fusco, Gamble——

The CHAIRMAN. Give their first names. What is Friedman's first name.

Mr. FUSCO. Milton Friedman, William W. Gamble, Joseph C. Fusco, Abe Kaplan, and Sam Pokrass, and Wisconsin Wine & Liquor.

The CHAIRMAN. Wisconsin Wine & Liquor owns some of the stock?

Mr. FUSCO. A little of the stock, yes.

The CHAIRMAN. In your other outfits, your other partnerships and corporations, the ownership is pretty much the same except you have some additional people in?

Mr. FUSCO. That is right.

The CHAIRMAN. Who are these additional people you have in there?

Mr. FUSCO. I have the wife of Friedman, the wife of Kaplan, the wife of Pokrass, and I have my daughter.

Then there is the son of Friedman, a daughter-in-law of Friedman.

The CHAIRMAN. All the members of the family.

Mr. FUSCO. That is right.

The CHAIRMAN. Outside of the family, who are the other principals?

Mr. FUSCO. Leo Nelson is one of the stockholders of Cornell.

The CHAIRMAN. Who else?

Mr. FUSCO. I think that is all.

The CHAIRMAN. Isn't DeStefano—

Mr. FUSCO. No, sir.

The CHAIRMAN. Do they not own some stock?

Mr. FUSCO. No, sir. There are no undisclosed partners in Gold Seal, Cornell, Rembrandt, Steel City, or the brewery.

Mr. HALLEY. It is against the law to have undisclosed partners?

Mr. FUSCO. That is right.

The CHAIRMAN. That is all, Mr. Fusco; thank you.

Mr. FUSCO. Could I get a copy of this?

Mr. HALLEY. You may purchase a copy.

Mr. FUSCO. That is all right. Money is no object.

Mr. HALLEY. The understanding is that it is for your own personal use and it is not to be disclosed to anyone.

Mr. FUSCO. That is all right.

The CHAIRMAN. Captain Harrison, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HARRISON. Yes, sir.

TESTIMONY OF THOMAS HARRISON, CAPTAIN OF POLICE, CHICAGO, ILL.

Mr. ROBINSON. State your full name.

Mr. HARRISON. Thomas Harrison.

Mr. ROBINSON. Where do you live?

Mr. HARRISON. 6030 North Forest Glen Avenue.

Mr. ROBINSON. What is your occupation?

Mr. HARRISON. I am at the present time a captain of police.

Mr. ROBINSON. How long have you been on the police force?

Mr. HARRISON. Twenty-eight years. I went on June 8, 1922.

Mr. ROBINSON. How long have you been a captain?

Mr. HARRISON. Since 1938, 12 years.

Mr. ROBINSON. In what district were you at that time?

Mr. HARRISON. At the time I was made a captain? In the thirty-fifth district.

Mr. ROBINSON. Have you always been in the thirty-fifth district?

Mr. HARRISON. No, sir.

Mr. ROBINSON. What district were you in prior to that time?

Mr. HARRISON. When I was promoted—do you want me to start right in as patrolman?

The CHAIRMAN. Briefly. We want to get at the thing. Maybe Mr. Robinson had better ask you questions.

Mr. ROBINSON. You were lieutenant and acting captain of the thirty-fifth district from July 1936; is that right?

Mr. HARRISON. That is right; yes, sir.

Mr. ROBINSON. Then you were subsequently made a captain?

Mr. HARRISON. That is right.

Mr. ROBINSON. You were suspended while you were occupying that job?

Mr. HARRISON. I was suspended—not out of that district, though. I was suspended out of the Warren Avenue district.

Mr. ROBINSON. You were transferred out of the thirty-fifth district?

Mr. HARRISON. That is right.

Mr. ROBINSON. Why were you transferred out of the thirty-fifth district?

Mr. HARRISON. Just a regular transfer.

Mr. ROBINSON. Why were you suspended?

Mr. HARRISON. I was suspended over suspected gambling, and over suspected gambling in the district.

Mr. ROBINSON. Because you had not put down the bookmaking and gambling operations?

Mr. HARRISON. That is right; yes, sir.

Mr. ROBINSON. You were subsequently restored to duty by reason of court action?

Mr. HARRISON. The appellate court, yes, sir, with pay.

Mr. ROBINSON. What is the pay of a captain?

Mr. HARRISON. \$5,100 a year.

Mr. ROBINSON. What is the pay of a lieutenant? What did you get when you were a lieutenant?

Mr. HARRISON. I don't remember offhand.

Mr. ROBINSON. Have you always gotten \$5,100 as a captain?

Mr. HARRISON. Yes, sir.

Mr. ROBINSON. Back even to 1938, or whenever it was that you were made a captain?

Mr. HARRISON. Yes, sir.

Mr. ROBINSON. What did you do prior to coming on the police force?

Mr. HARRISON. I was a bricklayer.

Mr. ROBINSON. How long were you engaged in that business?

Mr. HARRISON. I started as a bricklayer at the age of 15. And then, when 21, I went into the World War, and I was in the First World War 20 months. I went over to France with the Thirty-third Division, Company F of the Thirty-third Division, One Hundred and Twenty-ninth Infantry.

Mr. ROBINSON. You were a bricklayer up to the time you went on the police force?

Mr. HARRISON. Yes, sir.

Mr. ROBINSON. Did you ever work for any company as a bricklayer?

Mr. HARRISON. Yes, sir.

Mr. ROBINSON. What company was that?

Mr. HARRISON. Well, I couldn't remember the company.

Mr. ROBINSON. Did you ever work for the Nash Construction Co.?

Mr. HARRISON. Yes, sir.

Mr. ROBINSON. Who was the Nash that owned that company?

Mr. HARRISON. Well, there were the Nash brothers, P. A. Nash and R. J. Nash. P. A. Nash at one time was head of the Democratic Party.

Mr. ROBINSON. That was the other party to the Kelly-Nash organization?

Mr. HARRISON. That is right; yes, sir.

Mr. ROBINSON. What properties do you own?

Mr. HARRISON. I gave you a record of everything I own. I own my home.

Mr. ROBINSON. When did you buy your home?

Mr. HARRISON. 1935.

The CHAIRMAN. Read out the addresses.

Mr. HARRISON. Yes; if you will read them out.

Mr. ROBINSON. Let's go at it this way: Did you at one time own a farm?

Mr. HARRISON. Yes; I did.

Mr. ROBINSON. What did you pay for it?

Mr. HARRISON. My father and I bought the farm in 1927. We bought it as an investment, and at that time we put down \$30,800 in cash.

Mr. ROBINSON. Where did you get the money to put that down?

Mr. HARRISON. My father put down \$15,000, and I put down \$10,000, and my brother-in-law, Ray Smith, put down \$3,000. My brother, Dominic, put down the \$2,800.

Mr. ROBINSON. Where did you get the money for that?

Mr. HARRISON. I saved it.

Mr. ROBINSON. You saved it from what?

Mr. HARRISON. From my workings.

Mr. ROBINSON. As a bricklayer?

Mr. HARRISON. As a bricklayer, as a boxer, and I worked at dance halls 3 nights a week. I used to get \$10 a night.

Mr. ROBINSON. What year was this that you bought the farm?

Mr. HARRISON. In 1927.

Mr. ROBINSON. Did you at some subsequent time purchase a house?

Mr. HARRISON. I did.

Mr. ROBINSON. When?

Mr. HARRISON. In 1935.

Mr. ROBINSON. What did you pay for the house?

Mr. HARRISON. \$18,500.

Mr. ROBINSON. Did you borrow money for that purchase?

Mr. HARRISON. I borrowed \$10,000; yes, sir.

Mr. ROBINSON. From whom did you borrow the money?

Mr. HARRISON. William R. Skidmore.

Mr. ROBINSON. Who is he?

Mr. HARRISON. Later he got a lot of notoriety. At the time I made the loan off him, he wasn't nobody; but he later got to be quite a notorious character. That is, he was mixed up—

Mr. ROBINSON. He was a gambler at the time you borrowed the money?

Mr. HARRISON. He could have been. I wouldn't say he was or wasn't.

Mr. ROBINSON. You didn't know he was a gambler at that time?

Mr. HARRISON. No, sir; I didn't.

Mr. ROBINSON. Were you on the police force at that time?

Mr. HARRISON. Yes; I was.

Mr. ROBINSON. Were you a captain then?

Mr. HARRISON. No; I was a sergeant in those days.

Mr. ROBINSON. How could you go to him and borrow \$10,000?

Mr. HARRISON. I was introduced to him by William R. Goldstein, the lawyer, and he made the loan for me. I recorded it in the city hall, and I paid 5-percent interest, and no commission.

Mr. ROBINSON. Did you subsequently pay off the loan?

Mr. HARRISON. Yes; I did. No; it is not paid off yet. I still owe, I think, around \$600, maybe \$800, something like that, still owing. I don't owe it to him, though. I changed it. I paid him off—I don't

know what year it was, but I paid him off. I took a loan off the bank at Lawrence and Broadway.

Mr. ROBINSON. Did you make any other loans?

Mr. HARRISON. Yes.

Mr. ROBINSON. Subsequent to that?

Mr. HARRISON. Yes; I did. I made a loan off John J. Lynch. He sent me \$2,500 from Florida.

Mr. ROBINSON. What was that for?

Mr. HARRISON. He thought I needed it to finish up the payments on the house.

Mr. ROBINSON. Did you ask him for the loan?

Mr. HARRISON. No. He sent it to me.

Mr. ROBINSON. He just sent it without your asking for it?

Mr. HARRISON. That is right. He charged me no interest, either.

Mr. ROBINSON. Only \$2,500?

Mr. HARRISON. That is right; at that time.

Mr. ROBINSON. Did you get subsequently some more money from him?

Mr. HARRISON. Yes; I did.

Mr. ROBINSON. Did he send it the same way?

Mr. HARRISON. No; he didn't.

Mr. ROBINSON. How did you get it, and what was the amount?

Mr. HARRISON. I got it in cash, \$30,000 in cash from him.

Mr. ROBINSON. Did you ask him for that?

Mr. HARRISON. No.

The CHAIRMAN. Is that a total of \$30,000?

Mr. HARRISON. No. \$32,500.

Mr. ROBINSON. Who was John J. Lynch?

Mr. HARRISON. John J. Lynch was the part-owner at that time of the racing service. He was in partners at that time with M. L. Annenberg, but at the time he gave me that money he had sold out to M. L. Annenberg. He sold to M. L. Annenberg in 1934. He got his final payment in 1935. He told me at that time he got in the neighborhood of \$750,000.

The CHAIRMAN. When was all this money received?

Mr. HARRISON. In 1937, he gave me a \$30,000 gift.

Mr. ROBINSON. Why would he give you a \$30,000 gift?

Mr. HARRISON. I will tell you why he did it. In 1931, he was kidnaped on his way to Lake Geneva. Later that year, there was a man named Yates and a man named Moore picked up as suspects of the kidnaping, but then later they weren't identified. However, there was a fellow named Swoley and a fellow named Slaughter and a fellow named Jones arrested for the kidnaping of a man named Hackett in Blue Island. However, Lynch never identified them. The police said they might have been the ones that kidnaped Lynch. Lynch didn't identify them, and the kidnapers of Lynch are still at large, as far as I know. He never prosecuted or identified anyone.

For that, after I met him through a man named Dr. Neikelf—

The CHAIRMAN. What has the kidnaping got to do with it? I do not understand.

Mr. HARRISON. I was his friend, and a sort of bodyguard for him since 1931 to 1937.

Mr. ROBINSON. While you were on the police force?

Mr. HARRISON. That is right.

Mr. ROBINSON. How could you be bodyguard for him while you were on the police force?

Mr. HARRISON. I went with him on my off time, not on the police time. When I was off time, I took him to Lake Geneva or wherever he wanted to go.

Mr. ROBINSON. Was that on a salary basis?

Mr. HARRISON. No; I never got paid for it.

Mr. ROBINSON. Just out of friendship?

Mr. HARRISON. That is right.

Mr. ROBINSON. Why did he need a bodyguard? He was afraid of kidnaping?

Mr. HARRISON. He paid \$50,000 at the kidnaping, and he was supposed to pay \$200,000 more. He never had to pay it.

Mr. HALLEY. During the same period, you had another job working for the Nash Construction Co.?

Mr. HARRISON. That is right; yes, sir.

Mr. HALLEY. You held three jobs down?

Mr. HARRISON. Yes; I did.

Mr. HALLEY. You also worked in dance halls at night?

Mr. HARRISON. That is right.

The CHAIRMAN. In the same period, he worked for the Nash Construction Co.?

Mr. HARRISON. At the time I worked at the dance halls, I was single. I didn't marry until I was 31 years of age.

Mr. HALLEY. In 1936, you worked for the Nash Construction Co.?

Mr. HARRISON. No. I rode with them on the payrolls. I used to guard their payrolls with a shotgun across my lap, when they paid in cash in those days.

Mr. HALLEY. You also worked for Lynch in the same period?

Mr. HARRISON. I didn't work for Lynch. I was his friend, yes.

Mr. HALLEY. You also worked on the police force?

Mr. HARRISON. That is right; yes, sir.

Mr. HALLEY. Did you have any other jobs during this period, around 1935?

Mr. HARRISON. Not that I know of; no, sir.

Mr. ROBINSON. You sold the farm in 1946?

Mr. HARRISON. That is right.

Mr. ROBINSON. And you got about \$60,000 for the farm?

Mr. HARRISON. That is right; yes, sir.

Mr. ROBINSON. You took back a \$30,000 mortgage?

Mr. HARRISON. That is right.

Mr. ROBINSON. You netted about \$22,000 on the deal, in cash?

Mr. HARRISON. I would say you are right; yes, sir.

Mr. ROBINSON. What did you do with the money? Was the \$30,000 subsequently paid off by the mortgagee?

Mr. HARRISON. Yes, sir.

Mr. ROBINSON. Who was the mortgagee?

Mr. HARRISON. A man named Leopold. I don't know his full name.

Mr. ROBINSON. You used the \$30,000 to buy Government bonds?

Mr. HARRISON. That is right.

Mr. ROBINSON. What did you do with the \$22,000?

Mr. HARRISON. I used it in a checking account to pay off the people who were interested in the farm, like my brother and brother-in-law, and them people.

Mr. ROBINSON. You did open a bank account for about \$22,000 in June 1946?

Mr. HARRISON. Yes, sir. I put the \$22,000 that I got from the farm, I put it in a checking account; yes, sir.

Mr. ROBINSON. Against that checking account, over a period of 4 years, you have drawn about 66 checks?

Mr. HARRISON. I think so; yes, sir.

Mr. ROBINSON. Which would be an average of about 17 a year?

Mr. HARRISON. Something like that.

Mr. ROBINSON. Do you handle all your business in cash, ordinarily?

Mr. HARRISON. Yes, sir.

The CHAIRMAN. Mr. Robinson, excuse me. He sold this farm for \$60,000. That is his interest? He took a mortgage for \$30,000 and got \$30,000 cash?

Mr. ROBINSON. He took a mortgage back of \$30,000, and netted in cash, I believe, about \$22,000. That is after commissions and expenses, and so forth.

Mr. HARRISON. Yes, sir.

The CHAIRMAN. He put that in a bank account?

Mr. HARRISON. That is right; the \$22,000; yes, sir; in a checking account.

Mr. ROBINSON. You did receive a few interest payments on the mortgage before it was finally paid off?

Mr. HARRISON. Yes, sir.

Mr. ROBINSON. Why is it you have so few checks issued?

Mr. HARRISON. That is the first checking account I ever had.

Mr. ROBINSON. Did you handle all your money in cash?

Mr. HARRISON. Yes.

Mr. ROBINSON. Did you pay all your household bills in cash?

Mr. HARRISON. Yes, sir; I always did.

Mr. ROBINSON. Why was that?

Mr. HARRISON. I always did. My father didn't believe much in banks, and neither did I, up until the present time. The country looks like it is in pretty good shape now, and along with that the President guarantees your accounts for \$5,000. I wanted receipts for my paying off of these bills.

Mr. ROBINSON. Do you own a ranch or a wheat farm?

Mr. HARRISON. No.

Mr. ROBINSON. You don't?

Mr. HARRISON. No, sir.

Mr. ROBINSON. What is the present value of your house?

Mr. HARRISON. I don't know what it is worth. I wouldn't put a value on it.

Mr. ROBINSON. How big a house is it?

Mr. HARRISON. It is six rooms, with one room over the garage, making seven.

Mr. ROBINSON. You recently purchased awnings for the house?

Mr. HARRISON. That is right.

Mr. ROBINSON. And paid about a thousand-some-odd dollars for them?

Mr. HARRISON. That is the first time. You see, in the 15 years that I owned the house, the shutters on the side started to rot, so I put awnings on in their place. I did that with the money I got from the farm.

Mr. ROBINSON. What other source of income do you have?

Mr. HARRISON. None; other than from the stocks that my wife and I own.

Mr. ROBINSON. When did you first start buying stocks?

Mr. HARRISON. My wife bought some stock in 1933. I believe it was.

Mr. ROBINSON. Where did the money come from to buy the stock?

Mr. HARRISON. My wife had a little money, and what we saved we put in together, and we bought 200 shares. I think it was, the first time. We bought 100 shares of Chrysler and 100 shares of Sears. That later turned into 200 shares of Chrysler and 400 shares of Sears, because they gave 4 for 1 for it, you see. It developed into that. We never bought any additional. As you go along, I will explain.

Mr. ROBINSON. You purchased, over the period 1933 to 1948, approximately \$56,000 or \$57,000 worth of stock?

Mr. HARRISON. I think I did; yes.

The CHAIRMAN. You mean he purchased it outright, paid that much for it?

Mr. ROBINSON. That is right.

The CHAIRMAN. That is not the value of it? That is what he paid for it?

Mr. ROBINSON. That is what he paid for it.

Mr. HARRISON. That is right.

Mr. HALLEY. Do you hold that all today?

Mr. HARRISON. Yes, sir.

Mr. ROBINSON. How could you do that over a period of years on your salary as a policeman at \$5,200 a year?

Mr. HARRISON. \$30,000 of that comes off of Lynch, which would reduce it to \$26,000. Then I bought some stocks since I sold the farm there. If you check that up, you will see—

Mr. ROBINSON. You didn't buy much out of the \$22,000?

Mr. HARRISON. Yes, I did. I bought 500 shares of Barium Steel for \$3,500, and I bought 50 shares of American Tobacco for \$2,200, I believe, and I think I bought some Montgomery Ward. That is how I used up some of that money. I didn't save so much money.

Mr. ROBINSON. Where were you employed during the time you were suspended?

Mr. HARRISON. For the Chicago Tribune.

Mr. ROBINSON. What were you doing there?

Mr. HARRISON. When I went to work for the Chicago Tribune, at first I was—I helped write a story on the Drake Hotel murder. And then, later I went to work for the circulating department of the Chicago Tribune, with the understanding that if they wanted me on any special story, I would be sent there, like, for instance, they had some labor trouble in Butte, Mont., and I went to Butte, Mont.; and another time they had a suspect in Detroit, Mich., of a murder that we had here, and I went to Detroit, Mich., for them.

Then I went later to Mattoon, Ill., when they had a crazy man down there who was firing gas through a window and scaring people around down there.

So I worked between the circulating department and the editorial department, either place. I used to take a car at night, a Tribune Ford, and I would ride around. I divided the city in six sections, and I would take each section of the city every night, and then—

Mr. ROBINSON. Did you work for the Tribune at the same time you were working on the police force?

Mr. HARRISON. Never at any time; no, sir.

Mr. ROBINSON. Did you do special work for them?

Mr. HARRISON. Never did; no, sir.

Mr. ROBINSON. Did you have a brother who is on the police force?

Mr. HARRISON. Yes, sir.

Mr. ROBINSON. Is he a patrolman?

Mr. HARRISON. He is a patrolman.

Mr. ROBINSON. In the same district?

Mr. HARRISON. No; he is not in my district.

Mr. ROBINSON. Was he ever in your district?

Mr. HARRISON. Years ago he was; yes.

Mr. ROBINSON. Is there a patrolman named Bender in your district?

Mr. HARRISON. Yes; he is in my district; yes, sir.

Mr. ROBINSON. What does he do?

Mr. HARRISON. He is a license officer. He checks the licenses of the different people who come in making application for a license.

Mr. ROBINSON. When did you go back to the thirty-fifth district?

Mr. HARRISON. January 1, 1949.

Mr. ROBINSON. You have been there ever since?

Mr. HARRISON. Yes, sir.

Mr. ROBINSON. What is the situation in the thirty-fifth district at the present time?

Mr. HARRISON. With reference to what?

Mr. ROBINSON. Gambling.

Mr. HARRISON. Gambling in all forms is suppressed, anything I know about. Any complaints that I receive from any individual, any outside agency, or anyone that I know of, I suppress it in all forms.

Mr. ROBINSON. You make periodic inspections?

Mr. HARRISON. Yes, sir.

Mr. ROBINSON. How is it that the crime commission reports about 84 places that are violating the law in your district? What has been done about that?

Mr. HARRISON. They never reported them to me, Mr. Robinson.

Mr. ROBINSON. It never filtered down to you?

Mr. HARRISON. No; I didn't get them. I worked and cooperated with the crime commission at all times.

Mr. ROBINSON. Who is the ward committeeman in your district?

Mr. HARRISON. The ward committeeman is Senator William Connors.

Mr. ROBINSON. What is his particular connection with the enforcement activities in your district?

Mr. HARRISON. None whatever.

Mr. ROBINSON. Do you consult with him?

Mr. HARRISON. Never.

Mr. ROBINSON. Do you know Ed Sterch?

Mr. HARRISON. I know Eddie Sterch. He goes around with Connors quite a bit. I have met him with Connors.

Mr. ROBINSON. What business is he in?

Mr. HARRISON. I don't know what his business is.

Mr. ROBINSON. You don't know anything about him?

Mr. HARRISON. I don't know anything about him. I know he is supposed to have a police record, though. I know he is supposed to have gone away; went for robbery.

Mr. ROBINSON. Do you know a man named O'Donnell?

Mr. HARRISON. No, sir, I don't.

Mr. ROBINSON. Who is running some establishments on North Clark Street?

Mr. HARRISON. What is his name?

Mr. ROBINSON. O'Donnell.

Mr. HARRISON. Yes, I know O'Donnell. Frank O'Donnell?

Mr. ROBINSON. Yes.

Mr. HARRISON. Yes, sir, I know him.

Mr. ROBINSON. What kind of places does he run?

Mr. HARRISON. He runs them ordinary taverns that you might find on Madison Street or Clark Street.

Mr. ROBINSON. Does he run a bookie joint?

Mr. HARRISON. No, sir, he doesn't, to my knowledge.

Mr. ROBINSON. Well, what property does your brother have?

Mr. HARRISON. None that I know of.

Mr. ROBINSON. Does he own any stock?

Mr. HARRISON. None that I know of; no, sir.

Mr. ROBINSON. Who is Walter Bender?

Mr. HARRISON. A brother-in-law of mine.

Mr. ROBINSON. What does he do?

Mr. HARRISON. He is a license officer.

Mr. ROBINSON. The same as your brother, Martin?

Mr. HARRISON. How do you mean?

Mr. ROBINSON. Bender is the one who is the license officer?

Mr. HARRISON. That is right; yes, sir.

Mr. ROBINSON. And your brother is just a patrolman?

Mr. HARRISON. That is right, my brother; and Bender is a patrolman, too.

Mr. ROBINSON. Do you know Ollie Arnstein?

Mr. HARRISON. I know her; yes.

Mr. ROBINSON. What does she do?

Mr. HARRISON. She runs a tavern at the Devonshire Hotel.

Mr. ROBINSON. Is that all she runs?

Mr. HARRISON. As far as I know, yes. I have heard reports that she is supposed to have run and operated prostitutes, but I have never been able to hook her up.

Mr. ROBINSON. What investigation have you made to find out whether she does?

Mr. HARRISON. I will tell you what investigations I made. In the vicinity, since I have been there, there have been probably 50 or 60 prostitutes in and around that vicinity, and we have questioned every one of them with reference to Ollie Arnstein, and I have never been able to hook her up in any way with this supposed vice ring. When I came back to the district, I went in there one night, and she said "Hello" to me, and I said, "You don't need to say hello to me. I understand you are trafficking in vice."

The only reason that I knew that was that it was a report that I had received from the crime commission that she was supposed to be operating a vice ring, but I never have been able to tie her into it.

Mr. ROBERT. What sort of investigation do you conduct to find out whether they do or not, whether they operate books or not or whether they are violating the law in any way?

Mr. HARRISON. The only way you can do is make a canvass of your district. If you get a girl that is a prostitute, you question her and find out whether or not she is working for somebody, or if she is giving her money to somebody. That is the only investigation I could make.

Mr. ROBINSON. You never heard anything about the 88 places that were criticized by the crime commission or investigated by the crime commission, in your district, as operating in violation of the law?

Mr. HARRISON. The crime commission made a survey of the thirty-fifth district prior to my taking hold of that district. They made it in 1948. They made a detailed account of it. At the time I went in there, I would say there was about probably five places where they were catering to perverts and homosexuals. As soon as I went in there, after my first or second week there, I think it was the first week, at 665, or one of those addresses on State Street, I called for the wagon and locked up 91 so-called perverts in this place. At the time, I brought in everybody that could run a typewriter, and I talked with these different people before they got smart to what I was trying to do, and I found out that I had about six people there with police records, and I had four or five juveniles.

I immediately made a recommendation to Mayor Kennelly for the revocation of the license, and he got it, and I revoked the license, and today it is a supermarket.

All the rest of the so-called places closed immediately.

Mr. ROBINSON. How many books have you shut off since you have been back in the thirty-fifth?

Mr. HARRISON. I couldn't give you an exact account, but I make an arrest wherever we find it.

Mr. ROBINSON. You would know how many bookmaking places you have put down since you have been back on duty, wouldn't you?

Mr. HARRISON. No; I would have to find that out, make a check on that.

The CHAIRMAN. Would it be four or five?

Mr. HARRISON. Oh, more than that. I have probably 59 or 60 arrests maybe; maybe more than that, since I have been there, on books.

Mr. ROBINSON. Is it purely on the basis of complaints that you receive, or do you make a special investigation of your own?

Mr. HARRISON. An investigation of my own, or a special complaint. We get them, too.

Mr. ROBINSON. You have shut down about how many books since you have been back there?

Mr. HARRISON. I would say 59 or 60.

Mr. ROBINSON. That you have closed up?

Mr. HARRISON. I pay specific attention to any complaints that I received from the crime commission, and make a special check to see that none of those places operate again.

The CHAIRMAN. Anything else? Mr. Halley?

Mr. HALLEY. No.

The CHAIRMAN. There is one thing I do not understand about this Mr. Lynch. This first \$2,500 came to you from Florida?

Mr. HARRISON. That is right, when he heard I was building my home.

The CHAIRMAN. When was that?

Mr. HARRISON. 1935.

The CHAIRMAN. The time that you were bodyguarding him was—

Mr. HARRISON. Was 1931 to 1937. And he died in 1945 in Florida.

The CHAIRMAN. When did he sell out his interest in the wire service?

Mr. HARRISON. He sold out his interest to M. L. Annenberg in 1934 and got his final settlement in 1935.

The CHAIRMAN. You were very familiar with him during 1930 and '31 and '32?

Mr. HARRISON. Yes; I was.

The CHAIRMAN. How did you get so familiar with him?

Mr. HARRISON. I met him after he was kidnaped, and he was always rather nervous. That is how I got to meet him. I met him through a respected gentleman, Dr. Meikelf, who since has passed on, too.

The CHAIRMAN. During those days, the news service also controlled the bookies, did they not?

Mr. HARRISON. No. I don't know nothing about that, but in those days you weren't allowed to arrest this place. They had a place on Plymouth Court, and I never heard of its being arrested when M. L. Annenberg—

The CHAIRMAN. They had a place where?

Mr. HARRISON. On Plymouth Court somewhere, I think. I don't know. I never went with Lynch to the service. I don't know nothing about it.

The CHAIRMAN. What sort of place was this?

Mr. HARRISON. Where they have the phones, and they were supposed to send out the service.

The CHAIRMAN. Was that in your district?

Mr. HARRISON. No; that wasn't in my district, no, sir.

The CHAIRMAN. Never?

Mr. HARRISON. No, sir. I never had it in my district.

The CHAIRMAN. All the bookies all over town were right under the control of Annenberg and Lynch at that time, were they not?

Mr. HARRISON. I suppose they were, yes.

The CHAIRMAN. Did you not offer to pay this back to him, or how did you happen to accept such a big gift?

Mr. HARRISON. I will tell you how he gave me that.

The CHAIRMAN. Did he give you \$2,500 one time?

Mr. HARRISON. He sent a check for \$2,500. When he gave me the \$30,000, he gave it to me in cash.

The CHAIRMAN. Why in cash?

Mr. HARRISON. I don't know why, but that is the way he gave it to me.

The CHAIRMAN. Just handed it to you?

Mr. HARRISON. He gave it to me in an envelope when I had dinner with him. I will explain to you why.

He asked me one night—I have a little girl. She was then about 3 or 4 years old. He says to me, "Tom, what security have you for your wife and daughter?"

I said, "Well, only a few shares of stock, and my home that I am paying on."

He said, "Why don't you go in some business? I will back you."

I said, "I can't go in any business and stay on the police department."

So a few nights later, I was having dinner with him in the Drake Hotel, and he gave me this money in an envelope. I said, "Now, Jack, this seems like quite a bit of money. What am I supposed to do about this? Am I going to file on it?"

He said, "No; I will file on this money. This is a gift from me."

The CHAIRMAN. He was a nice fellow.

Mr. HARRISON. He said also that he had plenty of money besides the \$750,000 that he got; and when he died they wrote a story on him about at one time he was supposed to have had \$10,000,000. I don't know whether he did not not. He didn't tell me that.

The CHAIRMAN. \$30,000 was the amount you could accept at that time without paying any tax, was it not?

Mr. HARRISON. I don't know for sure. I don't know too much about it.

The CHAIRMAN. This fellow Skidmore you borrowed \$10,000 from, are you sure you repaid him?

Mr. HARRISON. Yes, sir.

The CHAIRMAN. You did not repay him, though, until after some public notice came out about it, did you?

Mr. HARRISON. That is right.

The CHAIRMAN. Is that not right?

Mr. HARRISON. That is right.

The CHAIRMAN. Was that when you were suspended?

Mr. HARRISON. No, no. I wasn't suspended at that time.

The CHAIRMAN. How did that public notice come out?

Mr. HARRISON. They investigated Skidmore, I believe.

The CHAIRMAN. He was a notorious bookmaker all during that time?

Mr. HARRISON. I will tell you about him. He never had a place. They listed the places he was supposed to have had. You can check my record and you will never find that Skidmore had one of those places in any district that I worked in, outside of Lawndale. I went to Lawndale. When I went to Lawndale, that was after the investigation, and them books were closed that he had there. But I never had had a Skidmore book in my district or any district I worked in. There were never any of them listed in there.

Mr. HALLEY. Did anybody else ever give you a cash gift of any kind, other than those you have mentioned here?

Mr. HARRISON. The only cash gift I got was when I was in the Town Hall district. A man, a respected gentleman named Bill Ronan, came into the station one day, and he said to me, "Tom, do you know anything about wheat?"

I said, "No, I don't know a thing about wheat."

He said, "I am going to put you in the wheat market."

I said, "I don't know nothing about it."

So one day he called me up and he says, "You have so many bushels of wheat, and so many bushels of corn." I didn't know. I said, "Where do I send the money?" He said, "You don't send no money."

So about a week or so later I got a call from him and he says, "I sold you out." It might have been a little more than a week. He says, "You have \$1,200 to your credit." I filed on that. You will see where I filed on the wheat.

Mr. HALLEY. Tom Ronan?

Mr. HARRISON. Bill Ronan. A wholesale flour man. At one time he was president of the Civil Service Commission in Chicago.

Mr. HALLEY. He was in the wholesale flour business?

Mr. HARRISON. Yes, sir.

Mr. HALLEY. What year was it he gave you this wheat?

Mr. HARRISON. I think it was 1945. I don't know the year. I filed on it, anyway.

Mr. HALLEY. Was his business in your district?

Mr. HARRISON. No; he has no business that I know of. I don't know where his business is. I know I met him through Ed Hughes, who was secretary of state at one time, and has since died. I met Bill Ronan through Ed Hughes.

Mr. HALLEY. He just gave you \$1,200 in 1946?

Mr. HARRISON. That is what he did; yes, sir.

Mr. HALLEY. Any other gifts you have gotten from anybody?

The CHAIRMAN. How much did you finally get out of that wheat?

Mr. HARRISON. \$1,200, I think. I filed on it. You will find it in my income-tax returns.

Mr. HALLEY. Did anybody ever give you a case of liquor for Christmas?

Mr. HARRISON. Not that I know of.

Mr. HALLEY. Anybody named Fusco?

Mr. HARRISON. Not that I know of.

Mr. HALLEY. Gold Seal Liquor?

Mr. HARRISON. Not that I know of. I don't drink or smoke. I want to tell you that.

The CHAIRMAN. How much do you get out of these stocks every year in dividends?

Mr. HARRISON. Just what I file on, Mr. Senator.

The CHAIRMAN. I do not see it right here for the last year or so. How much does it amount to?

Mr. ROBINSON. About \$5,000 last year.

Mr. HARRISON. That is about right.

The CHAIRMAN. What other income do you have now?

Mr. HARRISON. That is the only other income I have.

The CHAIRMAN. How about this \$30,000 on the farm? Has that been paid off?

Mr. HARRISON. No. My mother and I still have that in bonds.

The CHAIRMAN. In bonds?

Mr. HARRISON. In United States bonds; yes, sir.

The CHAIRMAN. You mean whoever you sold the farm to paid off that additional \$30,000?

Mr. HARRISON. That is right; yes, sir.

The CHAIRMAN. Which you put in United States bonds?

Mr. HARRISON. That is right.

The CHAIRMAN. So you have at least \$15,000 in bonds?

Mr. HARRISON. No; I have \$30,000. I have \$15,000; yes, sir. About \$10,000 I have. My mother has \$20,000.

Mr. HALLEY. Any other gifts?

Mr. HARRISON. Not that I know of, sir.

The CHAIRMAN. What is this "sale of wheat from ranch"?

Mr. HALLEY. That is the wheat we were just talking about.

Mr. HARRISON. Bill Ronan. You can check him. You will find out I am telling you the truth.

The CHAIRMAN. Where do you get this interest that you are talking about?

Mr. HARRISON. The interest is filed in the income tax there on that \$30,000 until he paid it off.

Mr. HALLEY. That is on your mortgage on the farm?

Mr. HARRISON. That is right; yes, sir.

The CHAIRMAN. Have you ever been arrested?

Mr. HARRISON. Never in my life; no, sir.

The CHAIRMAN. How old are you, Captain?

Mr. HARRISON. I am 54 years old. I will be 55 years old March 28 of next year.

Mr. HALLEY. Is there any rule or regulation of the police department against accepting gifts or gratuities?

Mr. HARRISON. Not that I know of, off duty. If you got it for something you did on duty, you would have to get permission from the commissioner of police before you would be able to accept it.

Mr. HALLEY. You never did anything for Ronan?

Mr. HARRISON. Nothing in my life, no, sir; outside of knowing him, and he was a nice fellow. I don't think Ronan ever did anything wrong in his life. He is darned nice man, with a nice family. He lives in the Thirty-eighth District.

Mr. ROBINSON. Did you receive orders at one time from the mayor to clean up Clark Street?

Mr. HARRISON. No; I don't believe I did.

Mr. ROBINSON. You don't recall that?

Mr. HARRISON. No. I cleaned up Clark Street of my own volition when I went in there.

Mr. ROBINSON. What happened to Rush Street?

Mr. HARRISON. Rush Street was cleaned up, but Rush Street is not as bad as Clark Street.

Mr. ROBINSON. Isn't it true that you cleaned up Clark Street and paid no attention to Rush Street?

Mr. HARRISON. That is not true. Rush Street doesn't need as much cleaning up as Clark Street. You won't find the class of people in—

Mr. ROBINSON. Who is Arthur Anderson?

Mr. HARRISON. Arthur Anderson is a police officer that worked out of East Chicago at one time, but he didn't work for me. He was out of there when I came in there.

Mr. ROBINSON. He never worked in your district at all.

Mr. HARRISON. Yes; he did work in the district.

Mr. ROBINSON. When did he work in your district?

Mr. HARRISON. I don't know how long. Arthur Anderson was there for quite some time. When he worked for me at East Chicago the first time, he was the license officer—not license officer. He was the warrant clerk. He served warrants.

Mr. ROBINSON. Did you ever hear Arthur Anderson referred to as the collector for that district?

Mr. HARRISON. Yes, I did; and he is referred to as such in the crime commission report.

Mr. ROBINSON. What check did you ever make to find out whether he was a collector?

Mr. HARRISON. He never worked for me. I didn't have nothing to do with him.

Mr. ROBINSON. He was assigned to your district, wasn't he?

Mr. HARRISON. Not at the time that this report came out on him.

Mr. ROBINSON. At a subsequent time?

Mr. HARRISON. There was a report came out on him, I believe, in 1948, but I wasn't in there at that time.

Mr. ROBINSON. Did he ever work for you after that time?

Mr. HARRISON. No, sir; never worked for me.

Mr. ROBINSON. That is all.

Mr. HALLEY. Is there anything you want to say before you go?

Mr. HARRISON. No, sir.

The CHAIRMAN. Thank you very much, Captain.

Mr. Adducci, come in.

Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ADDUCCI. Yes, sir.

**TESTIMONY OF JAMES J. ADDUCCI, STATE REPRESENTATIVE,
SECOND DISTRICT, CHICAGO, ILL.**

Mr. ROBINSON. State your full name, please.

Mr. ADDUCCI. James J. Adducci.

Mr. ROBINSON. Where do you live?

Mr. ADDUCCI. 2250 Jackson Boulevard.

Mr. ROBINSON. What is your business?

Mr. ADDUCCI. State legislator.

Mr. ROBINSON. How long have you been a State legislator?

Mr. ADDUCCI. Eighteen years.

Mr. ROBINSON. With what party?

Mr. ADDUCCI. Republican Party.

Mr. ROBINSON. What district do you come from?

Mr. ADDUCCI. Second district.

Mr. ROBINSON. Is that commonly referred to as the West Side district?

Mr. ADDUCCI. Yes, sir.

Mr. ROBINSON. Do you have any other business besides that position?

Mr. ADDUCCI. No, sir. I am interested in softball, a league in Chicago here.

Mr. ROBINSON. What is your salary as State legislator?

Mr. ADDUCCI. \$6,000 for 2 years.

Mr. ROBINSON. Did you say it was in the State senate or the house?

Mr. ADDUCCI. The house.

The CHAIRMAN. \$6,000; \$3,000 a year?

Mr. ADDUCCI. Yes, sir.

Mr. ROBINSON. Is that your sole source of income?

Mr. ADDUCCI. No, sir.

Mr. ROBINSON. What is your other source of income?

Mr. ADDUCCI. I don't represent any companies, but I do get some orders.

Mr. ROBINSON. Some what?

Mr. ADDUCCI. Some orders for printing and orders for envelopes. I don't sell them, but I get a contract from the State for them.

Mr. ROBINSON. Do you get some commission in that connection?

Mr. ADDUCCI. Yes, sir.

Mr. ROBINSON. How much commission do you get?

Mr. ADDUCCI. It runs around \$5,000 or \$6,000 a year.

Mr. ROBINSON. How long have you been getting that commission?

Mr. ADDUCCI. Six or eight years, I guess.

Mr. ROBINSON. What other source of income do you have?

Mr. ADDUCCI. I haven't got any.

Mr. ROBINSON. What properties do you own?

Mr. ADDUCCI. I have a home where I live, and one up in McHenry,

Ill.

Mr. ROBINSON. What did you pay for the home that you live in?

Mr. ADDUCCI. I believe \$6,000 or \$7,000.

Mr. ROBINSON. What did you pay for the other one?

Mr. ADDUCCI. Thirteen thousand dollars.

Mr. ROBINSON. When did you acquire both of them?

Mr. ADDUCCI. About 6 years ago, I guess, six or seven.

Mr. ROBINSON. Both about the same time, approximately?

Mr. ADDUCCI. About a year or 2 years apart.

Mr. ROBINSON. What is the place up in McHenry? Is that a summer resort or summer place?

Mr. ADDUCCI. Yes.

Mr. ROBINSON. Are those the only two pieces of real property that you own?

Mr. ADDUCCI. Yes.

Mr. ROBINSON. Do you have any personal property?

Mr. ADDUCCI. An automobile.

Mr. ROBINSON. Stocks or bonds?

Mr. ADDUCCI. Oh, no, no.

Mr. ROBINSON. What kind of automobile do you have?

Mr. ADDUCCI. A Cadillac.

Mr. ROBINSON. Where did you buy that?

Mr. ADDUCCI. In Michigan; St. Joe, Mich.

Mr. ROBINSON. Recently?

Mr. ADDUCCI. About a year and a half ago, I guess; a year ago.

Mr. ROBINSON. You are married, Mr. Adducci?

Mr. ADDUCCI. Yes, sir.

Mr. ROBINSON. Do you have children?

Mr. ADDUCCI. Yes, sir.

Mr. ROBINSON. How many children do you have?

Mr. ADDUCCI. Two daughters and three grandchildren.

Mr. ROBINSON. What did you do before you went into the State legislature?

Mr. ADDUCCI. Oh, I owned a laundry. I have always had a political job. I would say 20 years.

Mr. ROBINSON. What political jobs have you had?

Mr. ADDUCCI. At one time I was superintendent of telephones and telegraphs in Chicago under Mayor Thompson. I think the salary was \$4,800. I was an inspector for the sanitary district for 10 years, I guess.

Mr. ROBINSON. Have you ever been arrested?

Mr. ADDUCCI. A number of times.

Mr. ROBINSON. For what?

Mr. ADDUCCI. For nothing at all, I guess; just picked up. I was charged.

Mr. ROBINSON. You were just picked up?

Mr. ADDUCCI. I was picked up as suspect of some kind. I think it was kidnaping one time.

Mr. ROBINSON. When were you picked up for kidnaping?

Mr. ADDUCCI. About twenty-some years ago.

Mr. ROBINSON. That would be 1930?

Mr. ADDUCCI. Around there.

Mr. ROBINSON. What was the charge? Who were you supposed to have kidnaped?

Mr. ADDUCCI. All the charges wound up being disorderly conduct.

Mr. ROBINSON. Were you convicted of that?

Mr. ADDUCCI. Never.

Mr. ROBINSON. You have been arrested a number of times, you say, or picked up?

Mr. ADDUCCI. Picked up, say, 8 or 10 times.

Mr. ROBINSON. And a charge filed against you?

Mr. ADDUCCI. The charges would always wind up being a disorderly conduct charge.

Mr. ROBINSON. And dismissed?

Mr. ADDUCCI. Always.

Mr. ROBINSON. What were some of the other charges?

Mr. ADDUCCI. Oh, I was accused, I might say, they tried me for vagrancy one time. I had to prove that I worked for 20 years or how I made a living for 20 years.

Mr. ROBINSON. What were the other charges besides that one?

Mr. ADDUCCI. I don't remember. Mostly disorderly conduct.

Mr. ROBINSON. Why would you be picked up so often for disorderly conduct?

Mr. ADDUCCI. I can't answer that, sir.

Mr. ROBINSON. There was no basis to the charges at all?

Mr. ADDUCCI. Maybe for being a Republican when the Democrats win in Chicago.

Mr. ROBINSON. Were you in the State legislature when the so-called crime commission bills were introduced?

Mr. ADDUCCI. Yes, sir.

Mr. ROBINSON. You were opposed to those bills?

Mr. ADDUCCI. Yes, sir.

Mr. ROBINSON. Why were you opposed to those bills?

Mr. ADDUCCI. I guess my conscience made me be against them.

Mr. ROBINSON. Why would you be opposed to a bill that sought to extend the life of a grand jury more than 1 month?

Mr. ADDUCCI. I wouldn't know. I am just against them, that is all.

Mr. ROBINSON. Was it because you were against the crime commission?

Mr. ADDUCCI. I am not against any crime commission.

Mr. ROBINSON. Why would you be opposed to—

Mr. ADDUCCI. I told you, my conscience made me be against them.

Mr. ROBINSON. What in your conscience would make you be against a bill that would extend a grand jury from 1 month to—

Mr. ADDUCCI. I can't answer that. I can't answer that. I am not voting for every bill that is presented in the legislature. There are some that I don't like, some that I don't think are good measures.

Mr. ROBINSON. Why didn't you think that was a good measure?

Mr. ADDUCCI. I just don't think it is.

Mr. ROBINSON. You must have some reason.

Mr. ADDUCCI. Can you explain it to me, what the bill does? I can't explain it.

Mr. ROBINSON. You were a member of the legislature and I assume you have read the bill and understand it.

Mr. ADDUCCI. No; I have never read it. You can't read 1,500 bills, Mr. Robinson. There are that many introduced every session.

Mr. ROBINSON. Why did you vote against it? Did somebody tell you to vote against it?

Mr. ADDUCCI. No.

Mr. ROBINSON. Was it a party bill?

Mr. ADDUCCI. No, sir. It was a newspaper bill, a crime commission committee here in Chicago.

Mr. ROBINSON. What would be the reasonable basis for opposing such a bill?

Mr. ADDUCCI. I guess my district—I come from a poor district. A lot of our young fellows out there got in a lot of little troubles. I mean, I don't like that kind of legislation.

Mr. ROBINSON. Didn't you consider it to be beneficial, so far as the proper enforcement of the law was concerned?

Mr. ADDUCCI. Yes. You know, sometimes—

Mr. ROBINSON. Nevertheless, you voted against it?

Mr. ADDUCCI. There are a lot of measures that are good measures that I vote against. I don't vote for every good legislation.

Mr. ROBINSON. You don't vote for every good piece of legislation?

Mr. ADDUCCI. No, not every good piece. Sometimes it gets to be a—

Mr. ROBINSON. How would you determine—did you consider this particular bill to be a good piece of legislation?

Mr. ADDUCCI. It might be. It might be a good bill.

Mr. ROBINSON. Did you ever study it to understand it?

Mr. ADDUCCI. No, I didn't study it.

Mr. ROBINSON. You were not interested in it?

Mr. ADDUCCI. No.

Mr. ROBINSON. You aren't interested in law enforcement?

Mr. ADDUCCI. I certainly am.

Mr. ROBINSON. If you are interested in law enforcement, why wouldn't you be interested in that type of bill?

I say, if you are interested in law enforcement, why wouldn't you be interested in doing something about that type of bill?

Mr. ADDUCCI. Mr. Robinson, is this committee trying to pull some chestnuts out of the fire for the crime commission? Is that what I am here for?

Mr. ROBINSON. Not at all.

Mr. ADDUCCI. Is that the reason I am here, Senator?

The CHAIRMAN. No. He was just trying to find out why you were opposed to the bill.

Mr. ADDUCCI. Can I ask you if you vote for all the legislation—

The CHAIRMAN. Well, we are asking you now.

Mr. ADDUCCI. All right.

The CHAIRMAN. Let us get on.

Mr. ROBINSON. Did you know Zuta, a man by the name of Zuta?

Mr. ADDUCCI. Jack Zuta?

Mr. ROBINSON. Yes.

Mr. ADDUCCI. Yes. He came from the West Side.

Mr. ROBINSON. What business was he in?

Mr. ADDUCCI. I wouldn't know, sir.

Mr. ROBINSON. Do you know anything about his business at all?

Mr. ADDUCCI. No.

Mr. ROBINSON. Did you know Dago Lawrence Mangano?

Mr. ADDUCCI. Yes, sir.

Mr. ROBINSON. What was your association with him?

Mr. ADDUCCI. My precinct was in the district where Lawrence had a gambling house. My precinct when I was a precinct captain.

Mr. ROBINSON. You were what?

Mr. ADDUCCI. Precinct captain. On the primary and election, Lawrence used to give me a little finances to help me finance my precinct when I was a precinct captain.

The CHAIRMAN. I did not understand what that fellow's name was. Lawrence what?

Mr. ADDUCCI. Mangano.

The CHAIRMAN. Who is he?

Mr. ADDUCCI. Well, he is not here any more, Senator. He used to be a so-called gambler on the West Side.

The CHAIRMAN. What kind of gambling place does he have?

Mr. ADDUCCI. I guess it was a book place, or something. He booked horses.

Mr. ROBINSON. What other activities—

The CHAIRMAN. Let me ask, Do you generally accept political help from gamblers and bookmakers and anybody you can get it from?

Mr. ADDUCCI. In my precinct, I would accept a little finances from any kind of a business.

The CHAIRMAN. Then would you help them stay in business, try to help them from getting raided?

Mr. ADDUCCI. A police captain couldn't help but stay in business.

The CHAIRMAN. Then in consideration of that—

Mr. ADDUCCI. There would be no consideration, Senator. I knew Lawrence from when I was a boy.

The CHAIRMAN. If he got in trouble, would you help him get out?

Mr. ADDUCCI. If he got in trouble?

The CHAIRMAN. Yes.

Mr. ADDUCCI. I wouldn't be in a position to help him get out.

The CHAIRMAN. I mean, maybe with the policemen on the beat, or something of that sort?

Mr. ADDUCCI. I wouldn't know, Senator. I wouldn't know. I was born and raised on the West Side. I know pretty nearly—I know everybody who came out of the West Side. I am 57 years old, born and raised there. I am still there.

The CHAIRMAN. You are elected just by your district? You do not run in the city at large?

Mr. ADDUCCI. No. I have 62 precincts in my district. I run in three wards.

The CHAIRMAN. How much population is there?

Mr. ADDUCCI. About 60,000.

Mr. ROBINSON. Do you know Willie Bioff?

Mr. ADDUCCI. Yes, I knew him very well.

Mr. ROBINSON. Were you ever arrested with him?

Mr. ADDUCCI. Yes, I was arrested with Bioff.

Mr. ROBINSON. On what charge?

Mr. ADDUCCI. Disorderly conduct, riding on Washington Boulevard with him.

Mr. ROBINSON. That is the only reason why you were arrested?

The CHAIRMAN. These disorderly conduct charges, what happened to them? Did you get fined?

Mr. ADDUCCI. No, no; Senator.

The CHAIRMAN. Were you disorderly?

Mr. ADDUCCI. No, but they have to put some kind of charge on you. They generally do. It is a question of appearing in court, getting a fine or being discharged.

The CHAIRMAN. Did you ever get fined?

Mr. ADDUCCI. Never, Senator.

The CHAIRMAN. It was always discharged?

Mr. ADDUCCI. Always.

Mr. ROBINSON. What happened to Mangano?

Mr. ADDUCCI. He was killed.

Mr. ROBINSON. Was he associated with Al Capone?

Mr. ADDUCCI. That I wouldn't know, Mr. Robinson.

Mr. ROBINSON. You don't know anything about that?

Mr. ADDUCCI. No.

Mr. ROBINSON. Did you ever have any connections with the alcohol business during that era?

Mr. ADDUCCI. No, sir.

Mr. ROBINSON. None whatsoever?

Mr. ADDUCCI. No, sir.

Mr. ROBINSON. That is all I have.

The CHAIRMAN. I do not understand how you do this business with the State. You just take orders for stationery and envelopes, and sell them to which department of the State?

Mr. ADDUCCI. The State auditor. They use envelopes.

The CHAIRMAN. Do most legislators do that?

Mr. ADDUCCI. I wouldn't know, Senator.

The CHAIRMAN. How much do you sell them a year? You make \$6,000 or \$7,000?

Mr. ADDUCCI. I would say between \$5,000 and \$6,000 or \$6,500.

The CHAIRMAN. I thought that was your profit. I thought that was what you made out of it a year.

Mr. ADDUCCI. That is my commission, sir.

The CHAIRMAN. But I mean, how much does the order amount to?

Mr. ADDUCCI. Oh, maybe 5,000,000, 6,000,000 envelopes.

The CHAIRMAN. How much in money? \$100,000?

Mr. ADDUCCI. Oh, no, no. I would say twenty some thousand dollars, \$25,000.

The CHAIRMAN. Is that done on a competitive bid, or how?

Mr. ADDUCCI. I believe it is, Senator. I don't know.

The CHAIRMAN. What company do you do this for? Do you do it for any particular company?

Mr. ADDUCCI. In my district, I have an envelope company and a check company in my district.

The CHAIRMAN. You sell for them?

Mr. ADDUCCI. Yes.

I am on no payroll. It is on a commission basis.

The CHAIRMAN. That is letterheads and stationery?

Mr. ADDUCCI. Checks, envelopes.

The CHAIRMAN. What commission do you get, 15 or 20 percent?

Mr. ADDUCCI. About 20 percent.

The CHAIRMAN. What is your total income every year?

Mr. ADDUCCI. I would say about \$8,000 or \$9,000.

The CHAIRMAN. It is pretty hard for us legislators to live on.

Mr. ADDUCCI. No; it ain't. I come from a very poor community. We don't have to live too high. It is livable. It is nice.

The CHAIRMAN. All right, thank you, Mr. Adducci.

Mr. ADDUCCI. Thank you, sir.

The CHAIRMAN. Have you ever been convicted of anything in all these arrests?

Mr. ADDUCCI. No, sir.

The CHAIRMAN. Which policeman particularly has it in for you, any particular one?

Mr. ADDUCCI. Oh, no. I think my trouble came along when we had a Republican mayor, and I was very instrumental in politics, and when the administration changed—

The CHAIRMAN. They have been going after you?

Mr. ADDUCCI. I guess a lot of heat came. That is the worst heat, I guess, anybody can get.

Mr. HALLEY. Mr. Adducci, there is one thing before you go. Was there a period during which the ward committeemen in Chicago had considerable influence over the types of businesses that could operate within their wards?

Mr. ADDUCCI. I imagine, years ago; yes. I can't say very much in the last 20 years, because I have been on the losing side.

Mr. HALLEY. How did it work years ago, say 20 years ago?

Mr. ADDUCCI. Years ago—

Mr. HALLEY. Suppose I wanted to open a bar in a particular ward.

Mr. ADDUCCI. You would have to get a license from the license officer in the district. I think that is the way they work it.

Mr. HALLEY. Before I went to him, did I have to go to a ward committeeman and get clearance?

Mr. ADDUCCI. I guess you started with your precinct captain, I think. He would go to the committeeman or the alderman, or something. I don't know how they work it.

Mr. HALLEY. I definitely would have to get that clearance through the political channels?

Mr. ADDUCCI. I wouldn't say that, sir. I think they investigate your character, and if you are clean, I don't believe you would have much trouble getting a license.

Mr. HALLEY. We are talking about 20 years ago. Suppose I wanted to open up a little bit of a bookmaking establishment?

Mr. ADDUCCI. That I couldn't answer. I wouldn't know how to do that.

Mr. HALLEY. How would I get clearance on that?

Mr. ADDUCCI. I wouldn't know how to do it or how it was done.

Mr. HALLEY. Wasn't there considerable dispute just a few years ago as to whether the police looked to the ward committeemen for clearance on that?

Mr. ADDUCCI. No.

Mr. HALLEY. You never heard of such a thing?

Mr. ADDUCCI. No, sir.

Mr. HALLEY. In your own district, do any bookmaking establishments operate?

Mr. ADDUCCI. I guess you can make a bet in my district.

Mr. HALLEY. And the police don't stop it, do they?

Mr. ADDUCCI. Yes, I believe they do.

Mr. HALLEY. Lately they do, but there was a period in which they didn't bother with it?

Mr. ADDUCCI. I come from a very funny district. I have every element there is in the world, I guess, in my district. I have the pimp, the jack roller, the safeblower, the dope fiend, and every other thing, in there. I mean, I come from the West Side of Chicago, a very poor district. All those elements are in there. Skid row, you may have read of skid row. That is in the heart of my district, where all those so-called hoboos come in and congregate in there. There are so many hunt and —— joints, they call them, saloons where they buy their pint of wine and stuff.

The CHAIRMAN. You never have any trouble getting elected, do you?

Mr. ADDUCCI. No, I don't, Senator.

The CHAIRMAN. When is your term up?

Mr. ADDUCCI. It is up right now. I was nominated in April, and I have no opposition in November.

The CHAIRMAN. That is the best way to run that I know of.

Mr. ADDUCCI. Well, you know, we have three House members in each district, and there are two Democrats and one Republican are nominated, which is equivalent to election.

The CHAIRMAN. How much patronage does Sheriff Walsh give you? You have some people on his force?

Mr. ADDUCCI. I might have 10 jobs there.

The CHAIRMAN. Ten patrolmen, or whatever they are?

Mr. ADDUCCI. No, all kinds—clerks. I have a couple of highway police that I have sponsored.

The CHAIRMAN. How do you sponsor them?

Mr. ADDUCCI. By letter.

The CHAIRMAN. Do you get other people to join you in sponsoring them, or do you just do that yourself?

Mr. ADDUCCI. No. As a legislator——

The CHAIRMAN. Is that the general rule, that you are entitled to about 10 in the sheriff's office?

Mr. ADDUCCI. No. There is no rule, Senator. There are some legislators who haven't got any jobs.

The CHAIRMAN. But you have done pretty well?

Mr. ADDUCCI. Yes, I have. In the line of patronage, I have done pretty well. I have 30 or 40 fellows working.

The CHAIRMAN. You do not mean 30 or 40 with the sheriff's department?

Mr. ADDUCCI. Oh, no. In all the departments, sanitary district, which covers the county preserves, the State offices. I have about 30 men, I guess. I try to keep an organization together.

The CHAIRMAN. He is doing better than a United States Senator does.

Any other questions?

Mr. HALLEY. Nothing else.

The CHAIRMAN. All right, Mr. Adducci.

Mr. ADDUCCI. Thank you, sir.

(Whereupon, at 10:35 p. m., a recess was taken until 9:30 a. m., Wednesday, October 18, 1950.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

WEDNESDAY, OCTOBER 18, 1950

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
Chicago, Ill.

The committee met pursuant to recess, at 9:20 a. m., in room 267, United States Courthouse (Old Post Office Building), Chicago, Ill., Senator Estes Kefauver (chairman) presiding.

Also present: Rudolph Halley, chief counsel; George S. Robinson, associate counsel; Alfred M. Klein, Assistant Counsel; George H. White, Patrick H. Kiley, William C. Garrett, and W. D. Amis, investigators; and Julius Cahn, administrative assistant to Senator Wiley.

The CHAIRMAN. The committee will come to order.

FURTHER TESTIMONY OF MRS. CHARLOTTE CAMPAGNA, BERWYN, ILL.

The CHAIRMAN. Mrs. Campagna, have you advised with counsel?

Mrs. CAMPAGNA. I decided I didn't need one, that I would come in and cooperate to the best of my ability.

The CHAIRMAN. That is fine.

Mrs. Campagna, you remember the question we were asking. Do you have any comment about it? We wanted to know if you knew who left all this money with Mr. Bernstein to pay off the tax.

Mrs. CAMPAGNA. No, sir; I do not. Up to this day I don't know who did it.

The CHAIRMAN. Did you ask anyone to leave money?

Mrs. CAMPAGNA. No, I haven't had an opportunity to because I have been with my husband continuously and we don't meet or see any one.

Mr. HALLEY. You have the wrong period of time in mind. This is while your husband was still in the penitentiary.

Mrs. CAMPAGNA. Oh, I see.

Mr. HALLEY. Here is what happened: Mr. Bernstein said he had a series of conferences with your husband in the penitentiary, and at those conferences there were your husband, Mr. Ricca, and Mr. Accardo.

Mrs. CAMPAGNA. Well——

Mr. HALLEY. Mr. Bernstein advised them at that time that they would need \$190,000. I think he said also that he advised you that \$190,000 was the amount of money it would take altogether to settle the tax case. He said he had to have it within 30 or 60 days, so there

was a time limit. He said the next thing he knew a man walked into his office with \$10,000 which he said was for Mr. Campagna. He said he didn't expect to get the money that way, so he called you up, and you said you knew about it and it was all right.

Mrs. CAMPAGNA. That is true.

Mr. HALLEY. I will tell you some more facts, because I know you are an intelligent woman, and if I tell you the facts you will know what we are looking for and you can help us.

Mrs. CAMPAGNA. All right. I will do my best.

Mr. HALLEY. The amount needed was \$190,000. It came in in sums of 5, 10, and 20 thousand dollars, and when \$190,000 came in, it stopped. A lot of different people were bringing it in. So it is quite apparent that somebody told somebody how much was needed and had taken some steps to have the money raised. It is also quite apparent from Mr. Bernstein's testimony that you knew about it. What we are trying to find out from you is what did you do to try to get the money raised.

Mrs. CAMPAGNA. The only thing I can remember is I did get a phone call during this time that this tax business was going on, when we got the liens, and so forth, and I was notified in person by some agent who came to the house with these papers and told me that my husband and I were both in jeopardy for this amount of money for taxes. They used me as a transferee. What they meant by that I didn't know at the time. Naturally I got a little excited and upset. I didn't know who to call. I checked with the telephone book and remembered Mr. Bernstein. I had read about him some time before that, that he was a tax man. I called him.

Mr. HALLEY. What do you mean you checked with the phone book?

Mrs. CAMPAGNA. For his phone number.

Mr. HALLEY. You knew his name?

Mrs. CAMPAGNA. Yes, I knew the name because I had read about him.

Mr. HALLEY. Had you ever talked to Mr. Accardo about him?

Mrs. CAMPAGNA. No, sir.

Mr. HALLEY. You knew he had been Mr. Accardo's lawyer for many years?

Mrs. CAMPAGNA. That I don't know. I had no dealings with Mr. Accardo at any time.

Mr. HALLEY. You know Accardo?

Mrs. CAMPAGNA. Yes, I know him.

The CHAIRMAN. Mrs. Campagna, you just tell the whole story about what happened.

Mrs. CAMPAGNA. I am going to try to the best of my ability.

Like I said, I called him and told him the predicament I was in, and he asked me to come down to his office, which I did. I showed him these papers, and he said he would take it under advisement. He wouldn't take the case right then until he found out a little bit more about it. I believe it was several days later that he called me and told me when I received some certain letters from the Internal Revenue I should bring them down to him, which I did. That is when he took the case.

The CHAIRMAN. Go ahead and just tell everything that transpired, Mrs. Campagna, about the tax matter. What happened next and what happened next.

Mrs. CAMPAGNA. I gather it was quite a long time after that. I really don't remember dates or the length of time that it was, but I got a call from someone. Who it was I don't know because it was a telephone conversation. They told me not to worry, that the money would be taken care of for the settlement of the tax.

So, like Mr. Bernstein said, when this money started coming in, he called me and I said "yes," I had a call and someone told me it would be paid, but who it was I didn't know. That is as much as I can tell you. That is as far as I know.

Mr. HALLEY. Who called you?

Mrs. CAMPAGNA. Truthfully speaking, I couldn't tell you. It was just a voice on the telephone. I don't know who it was. It had to be someone who knew me.

Mr. HALLEY. Had you asked anyone to raise the money?

Mrs. CAMPAGNA. No, I hadn't, although it was a known fact that the money had to be paid and I guess they knew I didn't have it. Whoever it was must have taken an interest in the matter.

Mr. HALLEY. It wasn't a known fact that the money had to be paid. Isn't that the fact?

Mrs. CAMPAGNA. Yes, it was in the papers.

Mr. HALLEY. How much was needed? It certainly wasn't in the papers that your husband was trying to raise this amount.

Mrs. CAMPAGNA. He was assessed for \$400 and some thousand, if I am not mistaken.

Mr. HALLEY. I know, but a private settlement had been arranged for \$190,000, and that is exactly the amount that was delivered to Mr. Bernstein's office.

Mrs. CAMPAGNA. I don't know what was delivered. All I can tell you is that Mr. Bernstein told me this money was coming in, and then when it was settled and paid he gave me the receipts. That is the only thing I can say.

Mr. HALLEY. Mr. Bernstein has told us of two occasions on which he drove out to your house to discuss certain aspects of this case, and I wish you would tell us about that.

Mrs. CAMPAGNA. That was just about this money and how it was coming in, but that is as much as he told me. He didn't tell me any details of who it was or anything about it.

Mr. HALLEY. Just what happened? Did he phone before he came out?

Mrs. CAMPAGNA. I don't recall whether he did or not. It has been some time ago, and it is awfully hard to remember every detail.

Mr. HALLEY. He did come out to the house?

Mrs. CAMPAGNA. He has been out to the house, yes, once or twice. I am not sure.

Mr. HALLEY. The subject was to discuss what?

Mrs. CAMPAGNA. That tax business.

Mr. HALLEY. What part of it did you discuss with him?

Mrs. CAMPAGNA. That it was going to be settled, and that he was going to take care of the money that came in.

Mr. HALLEY. Did he tell you how much money had come in?

Mrs. CAMPAGNA. Well, if I remember right he said there was a considerable sum, and I believe my husband's was somewhere around \$120,000. I am not quite sure, somewhere in that vicinity.

Mr. HALLEY. How much money did you have at the time your husband went to the penitentiary?

Mrs. CAMPAGNA. I didn't have too much in cash. I would judge somewhere around \$3,500. Of course we had some stocks and bonds, United States bonds.

Mr. HALLEY. Was that in the bank?

Mrs. CAMPAGNA. No. I had that at home?

Mr. HALLEY. \$3,500 in cash at home?

Mrs. CAMPAGNA. Yes.

Mr. HALLEY. Was there any other cash that belonged to your husband at home?

Mrs. CAMPAGNA. I didn't know anything of his money at all.

Mr. HALLEY. Did you have any money in a bank at that time?

Mrs. CAMPAGNA. No, sir.

Mr. HALLEY. Did you own any business at that time?

Mrs. CAMPAGNA. Yes, I still do.

Mr. HALLEY. What business do you own?

Mrs. CAMPAGNA. I have the Orchid Flower Shop.

Mr. HALLEY. You have a half interest in that?

Mrs. CAMPAGNA. That is right.

Mr. HALLEY. Who has the other half interest?

Mrs. CAMPAGNA. Mrs. Marie Capezio.

Mr. HALLEY. When did you and Mrs. Capezio buy that?

Mrs. CAMPAGNA. In 1934, to be exact.

Mr. HALLEY. And you have both had it ever since?

Mrs. CAMPAGNA. Ever since.

Mr. HALLEY. Did you buy it from somebody else or just open it?

Mrs. CAMPAGNA. We just opened it. I tell you what happened. Somebody was going out of business and he was selling his fixtures, and we bought them very, very reasonably and we went into business ourselves.

Mr. HALLEY. You have been in that ever since?

Mrs. CAMPAGNA. Ever since, yes, sir.

Mr. HALLEY. Do you receive an income from it?

Mrs. CAMPAGNA. Yes; I do.

Mr. HALLEY. What was that income last year?

Mrs. CAMPAGNA. I would say about \$5,000 a year average, maybe more, maybe less. It just balances off one way or the other.

Mr. HALLEY. In addition to the cash you had with you when your husband went to prison and the income from the flower shop, did you have any other assets?

Mrs. CAMPAGNA. Well, we had the farm, and I was taking care of the farm business, which was a 50-50 proposition also. That is the large farm at Fowler, Ind.

Mr. HALLEY. Who was helping you out on the farm?

Mrs. CAMPAGNA. I had at that time there a couple by the name of Gick.

Mr. HALLEY. Did you have Mr. Sheets there, too?

Mrs. CAMPAGNA. After I wasn't doing too well with Mr. Gick, I had to let the farm lie dormant for about a year, maybe less. Then I found Mr. Sheets, and he went in with me and we started all over again.

Mr. HALLEY. When your husband first went to prison, what was the total amount of stocks and bonds you had?

Mrs. CAMPAGNA. I will tell you; offhand, I can't really say. I think our stocks together, his and mine, are somewhere around \$11,000. That is White Motors.

Mr. HALLEY. White Motors?

Mrs. CAMPAGNA. Yes.

Mr. HALLEY. Anything else?

Mrs. CAMPAGNA. Then, of course, we had the United States Savings bonds.

Mr. HALLEY. How many thousand?

Mrs. CAMPAGNA. In maturity, I would say somewhere between 20 and 30 thousand dollars. I am not sure.

Mr. HALLEY. Did you have to sell any of your stocks and bonds?

Mrs. CAMPAGNA. No; I didn't sell anything. I still have them.

Mr. HALLEY. You had some rather expensive properties to keep up while your husband was away.

Mrs. CAMPAGNA. You see, the farm income took care of that for me very nicely.

Mr. HALLEY. Does the farm show a profit?

Mrs. CAMPAGNA. It did; yes.

Mr. HALLEY. During the time he was in prison?

Mrs. CAMPAGNA. It did; yes.

Mr. HALLEY. Does it still show a profit?

Mrs. CAMPAGNA. I don't handle it any more. That is his affair. My son handles it. I don't have any dealings with it.

Mr. HALLEY. I have no further questions.

The CHAIRMAN. Mrs. Campagna, you were down at the Atlanta Penitentiary when Mr. Bernstein came out on one occasion?

Mrs. CAMPAGNA. Yes, sir; I was.

The CHAIRMAN. Is it true that there was some difficulty in getting your husband and Mr. DeLucia to remember or to tell all the details about these transactions out of which the tax grew?

Mrs. CAMPAGNA. I convinced my husband to give Mr. Bernstein power of attorney to transact this business for me; but, of course, I neither speak the Italian language nor does Mr. Bernstein, and I guess he was a little stubborn about accepting Mr. Bernstein as his attorney. So, from there on, I don't know what happened. It was just that one time that I happened to be there. That was one afternoon that Mr. Bernstein took me in to see my husband.

The CHAIRMAN. Mrs. Campagna, this voice that called you on the telephone was a man?

Mrs. CAMPAGNA. It was a man.

The CHAIRMAN. He didn't say who it was?

Mrs. CAMPAGNA. No, sir; he did not.

The CHAIRMAN. Did you recognize the voice at all?

Mrs. CAMPAGNA. I have never heard it since.

The CHAIRMAN. How do you figure that out?

Mrs. CAMPAGNA. I can't figure it out, to be truthful about it. I can't figure it out.

The CHAIRMAN. You have been married a long time. Can you think in your life of anybody who would be so interested as to put up \$125,000 or \$130,000?

Mrs. CAMPAGNA. It would naturally have to be someone who was interested. It would have to be someone who was close. It couldn't possibly be a stranger who would do it.

The CHAIRMAN. Really the only people who had been in this thing were Mr. Accardo and Mr. Bernstein, outside of the families, and then also the lawyer, Mr. Joseph Bulger. They had been the only ones who had any connection with it; hadn't they?

Mrs. CAMPAGNA. That I couldn't say. After all, I really didn't know what was going on. I am just an ordinary housewife and mother. I don't pay any attention to anything.

The CHAIRMAN. You are not "an ordinary housewife." You are a very smart woman.

Mrs. CAMPAGNA. Thank you for the compliment, but I really try to have a little intelligence and still be one.

The CHAIRMAN. Do you think it was Mr. Adonis who got it for you?

Mrs. CAMPAGNA. I don't know the man. I don't know Mr. Adonis. That is one man I don't know.

The CHAIRMAN. You don't know Mr. Adonis?

Mrs. CAMPAGNA. No, sir; I do not know Mr. Adonis.

The CHAIRMAN. Mr. Accardo, I mean.

Mrs. CAMPAGNA. I do know Mr. Accardo, very, very well.

The CHAIRMAN. Do you think it was he who put the money up?

Mrs. CAMPAGNA. I can't say. I really can't just sit here and tell you something that I might surmise or might guess. That isn't what you want. You want a direct answer, and I can't give you that because I don't know.

The CHAIRMAN. Has anyone ever talked with you about where the money came from?

Mrs. CAMPAGNA. No, sir; they haven't. Like I said, we haven't discussed it with anyone. As you know, my husband is a parolee, and he has to be very careful. He can't mix with those kinds of people. He and I have spent most of our time on two farms. We have been inseparable ever since he has been home. So, I know that he has never contacted or seen anyone, and neither have I.

The CHAIRMAN. Do you and he belong to any society or club that has for its purpose helping one another in case you get in trouble?

Mrs. CAMPAGNA. Never to my knowledge, Senator. I don't believe my husband has ever been affiliated with any clubs or societies.

The CHAIRMAN. How many times did this call come?

Mrs. CAMPAGNA. Just that one time.

The CHAIRMAN. Was that in the morning or in the evening?

Mrs. CAMPAGNA. I don't recall truthfully whether it was in the morning or the afternoon.

The CHAIRMAN. Did they call you at your business or at your home?

Mrs. CAMPAGNA. No; they called me at home. I don't spend any time at the store. I haven't been in the store in many, many years.

The CHAIRMAN. You don't actively run it?

Mrs. CAMPAGNA. No; I am not in the store whatsoever.

The CHAIRMAN. Mr. Robinson.

Mr. ROBINSON. I have just one or two questions.

Mrs. Campagna, after you got the call, did you transfer that information to anyone else?

Mrs. CAMPAGNA. No, sir; I did not.

Mr. ROBINSON. You didn't speak to Mr. Bernstein about the fact that you had had a call?

Mrs. CAMPAGNA. No; not until the time he called me and told me this money was coming in, and I told him I knew something about it. That was the extent of our conversation about that.

Mr. ROBINSON. Did you know anyone closely or intimately except perhaps Mr. Accardo, who would have that amount of money to put up?

Mrs. CAMPAGNA. No, sir.

Mr. ROBINSON. Does Mr. Accardo have that amount of money to put out?

Mrs. CAMPAGNA. Truthfully speaking, I don't know.

Mr. ROBINSON. You don't know anything about his financial situation?

Mrs. CAMPAGNA. I don't know anything about his financial situation?

Mr. ROBINSON. That is all I have.

The CHAIRMAN. Mrs. Campagna, if you find out who left all that money, I wish you would let us know.

Mrs. CAMPAGNA. I promised that to the congressional investigators, too. If I do, it has to be paid. I will be more than happy to tell if I ever find out who it was. It would just take an awful load off my shoulders to get rid of all this persecution. It is just getting me down.

Mr. HALLEY. Did you ever discuss the tax matter with Mr. Accardo?

Mrs. CAMPAGNA. No, sir; I never did. I had no contact with Mr. Accardo. In fact, I was very secluded during the time. I spent my time between my farms and my family.

Mr. HALLEY. You never discussed any business matters with Mr. Accardo?

Mrs. CAMPAGNA. No, sir; none whatsoever.

The CHAIRMAN. Thank you, Mrs. Campagna.

Mr. Brantman, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BRANTMAN. I do.

The CHAIRMAN. All right, gentlemen.

TESTIMONY OF WILLIAM M. BRANTMAN, ACCOUNTANT AND INCOME-TAX CONSULTANT, CHICAGO, ILL.

Mr. HALLEY. What is your full name, Mr. Brantman?

Mr. BRANTMAN. William M. Brantman.

The CHAIRMAN. Is it B-ra-n-t-m-a-n?

Mr. BRANTMAN. Yes, sir.

Mr. HALLEY. What is your address?

Mr. BRANTMAN. 10 South La Salle Street.

Mr. HALLEY. What is your business?

Mr. BRANTMAN. I am an accountant and tax consultant.

Mr. HALLEY. Did you ever represent Harry Russell?

Mr. BRANTMAN. I did, sir.

Mr. HALLEY. Did you ever represent Ralph Capone?

Mr. BRANTMAN. Yes, sir.

Mr. HALLEY. Did you ever represent Tony Accardo?

Mr. BRANTMAN. Years ago, perhaps back in 1939 or 1940, somewhere in through those years.

Mr. HALLEY. After that Bernstein handled his business?

Mr. BRANTMAN. I don't know who handled it after that; but, according to what I hear and read, Bernstein must be representing them.

Mr. HALLEY. Do you handle any business with Bernstein?

Mr. BRANTMAN. No, sir.

Mr. HALLEY. How long have you handled Louis Campagna's work?

Mr. BRANTMAN. I haven't handled anything for Louis Campagna since 1936, I believe.

Mr. HALLEY. Charlie Gioe?

Mr. BRANTMAN. Back in about 1938 or 1939.

Mr. HALLEY. Murray Humphreys?

Mr. BRANTMAN. In the early thirties.

Mr. HALLEY. Joe Fusco?

Mr. BRANTMAN. Up to about 1940 or 1941.

Mr. HALLEY. Imburgio?

Mr. BRANTMAN. That was in around the same years.

Mr. HALLEY. And Ralph Pierce?

Mr. BRANTMAN. Ralph Pierce one or two years up to 1940, I believe.

Mr. HALLEY. Drexel Wine & Liquor?

Mr. BRANTMAN. Drexel Wine & Liquor in the early thirties.

Mr. HALLEY. Who owns Drexel Wine & Liquor?

Mr. BRANTMAN. Murray Gordon owned it at that particular time. It was a corporation.

Mr. HALLEY. Security Discounts?

Mr. BRANTMAN. I was one of the incorporators of Security Discounts. In fact, I believe it was in 1939. We held the company for 2 years, and we found we were losing money in handling the business, and we sold it at 10 percent of what we put in.

Mr. HALLEY. What was the business of Security Discounts?

Mr. BRANTMAN. It was a finance business, incorporated in the State of Illinois, to make loans to business interests on their physical assets and to make loans on accounts receivable.

Mr. HALLEY. Did you handle Dave Russell's too?

Mr. BRANTMAN. I did handle Dave Russell for a few years, probably 1942 to 1944; somewhere in there.

Mr. HALLEY. Which of these accounts that I have mentioned did you get first? Was it Murray Humphreys'?

Mr. BRANTMAN. I wouldn't know that.

Mr. HALLEY. Joe Fusco? How did you make your contact? These are all people who know each other. They are all one group.

Mr. BRANTMAN. I might state it in this manner: that people of a certain age, living in a certain neighborhood, meet up with a lot of people. As you do your work and meet up with them you get introduced one to another, as you might perhaps meet for dinner at a night club, and in that way get to know people, and someone sends them to me to do their work. I did their work for a couple of years and then they went elsewhere. I never bothered why, because the business was just another piece of business that I could easily replace.

Mr. HALLEY. What was Accardo's business, what kind?

Mr. BRANTMAN. His business—I think he was interested in book-making during that time.

Mr. HALLEY. How about Murray Humphreys? When you represented him, what did he say his business was?

Mr. BRANTMAN. He had some business, miscellaneous business. He had a salary from one or two ventures.

Mr. HALLEY. What were they?

Mr. BRANTMAN. I don't recall now.

Mr. HALLEY. Do you have any records?

Mr. BRANTMAN. None whatsoever.

Mr. HALLEY. What happened to the records on all these?

Mr. BRANTMAN. After a client makes a change or goes elsewhere, he would come in a few years later and say "Can I have my own records?"

Mr. HALLEY. Don't you keep your own work sheets?

Mr. BRANTMAN. I couldn't keep the records with everybody we did business with all these years. When the statute of limitations passes and a couple of years beyond that, we delete them and throw them out annually that way.

Mr. HALLEY. Can you give us any help on what Murray Humphrey's business was?

Mr. BRANTMAN. From hearsay he was supposed to have been interested in some cleaning and dyeing establishments, I believe. His wife was an officer there. It has been rumored he is interested in some towel enterprises, but I don't know of that of my own knowledge.

Mr. HALLEY. What about Ralph Capone? Do you still represent him?

Mr. BRANTMAN. I have represented him up to this year.

Mr. HALLEY. Does he have some water company?

Mr. BRANTMAN. He did have years ago. That was the Waukesau Water Co.

Mr. HALLEY. Where is that located?

Mr. BRANTMAN. He is not interested in that. It used to be on Hubbard Street; I think 110 West Hubbard.

Mr. HALLEY. What was that, a mineral water?

Mr. BRANTMAN. It was Waukesau water that he was selling to the trade and to anyone who would buy it.

Mr. HALLEY. In what years did he have that?

Mr. BRANTMAN. I am only guessing from memory. I think it was in some of the years in between '40 or '43 or '44.

Mr. HALLEY. Have you been able to turn any papers over to us on Ralph Capone?

Mr. BRANTMAN. I did to Mr. Robinson on Ralph Capone and Russell—whatever papers I did have. I gave Mr. Robinson a list of the people I had ever had any business with that appeared on your list.

Mr. HALLEY. What are Ralph Capone's present businesses?

Mr. BRANTMAN. He gets a salary from Billy's, Inc. I think it is some kind of restaurant or tavern or combination of the two, up at Mercer, Wis. He has other income from operating a suburban cigarette company.

Mr. HALLEY. What is that?

Mr. BRANTMAN. A cigarette vending machine that they service around.

Mr. HALLEY. Whereabouts? In Chicago?

Mr. BRANTMAN. In the Chicago area, I am quite certain. I don't know the scope of their clientele, but that is the information and figures I get when it comes to filing his return.

Mr. HALLEY. Does he have any other income?

Mr. BRANTMAN. Not to my knowledge, nothing that has come to my attention to be recorded on his return.

Mr. HALLEY. Some time ago did you have occasion to arrange a meeting between Harry Russell and Louis Kutner?

Mr. BRANTMAN. Before that, might I add something for the record?

Mr. HALLEY. Yes.

Mr. BRANTMAN. I have been maliciously maligned in the newspapers as having associated in the Drury matter and the Drury killing. I want to state right here and now I don't know William Drury, never did know him. I never made any appointments for Mr. Kutner or anyone else with Drury or for Drury.

Mr. HALLEY. I have no doubt about that.

Mr. BRANTMAN. I want that statement cleared in the press if it can be.

Mr. HALLEY. You are entitled to that.

Mr. BRANTMAN. Because my reputation is at stake.

The CHAIRMAN. Let me get it straight.

Mr. BRANTMAN. Yes, sir.

The CHAIRMAN. You don't know Mr. Drury; you didn't know Mr. Drury.

Mr. BRANTMAN. That is right, sir. I have never made any appointments for or on behalf of Mr. Drury with Mr. Kutner or anyone else and I don't know what Mr. Drury's endeavors were other than what I might have read in the newspaper.

Mr. HALLEY. Would it also be true that your sole recent relationship with Mr. Kutner was in connection with Harry Russell and no one else?

Mr. BRANTMAN. That is right.

Mr. HALLEY. You represented Harry Russell; is that right?

Mr. BRANTMAN. That is right.

The CHAIRMAN. You never saw Mr. Drury?

Mr. BRANTMAN. Oh, I might have seen him on the street. I have seen his pictures. I don't know the man to speak to.

The CHAIRMAN. You never did any work for him?

Mr. BRANTMAN. No, sir.

The CHAIRMAN. What have they said about you in the paper?

Mr. BRANTMAN. That I was linked with the Drury killing. They came out with an emblazoned headline: "Two new people are found."

The CHAIRMAN. How did they get that?

Mr. BRANTMAN. I don't know.

Mr. HALLEY. It is quite apparent that you made a statement to the State's attorney and the statement wasn't made public, and naturally the press speculated.

Mr. BRANTMAN. I didn't make that statement to the State's attorney. I couldn't have.

The CHAIRMAN. You made a statement.

Mr. BRANTMAN. I made a statement. We talked in a general way.

The CHAIRMAN. Naturally the press speculated on what was in it. That is how the thing would get into the press.

Mr. BRANTMAN. I don't know why they link me with the killing. I don't have anything to do with things of that kind.

The CHAIRMAN. They naturally speculate on it. But it will be cleared up by this committee.

Mr. BRANTMAN. All right, I would appreciate that.

Mr. HALLEY. We have the statement. We have read it and studied it.

Mr. BRANTMAN. I don't know what statement was typed; I never read it, never saw it. I talked casually as I am talking now with the State's attorney.

Mr. HALLEY. You are not talking casually. You are under oath and it is being reported.

Mr. BRANTMAN. I mean with the State's attorney I talked casually and he was taking some notes.

Mr. HALLEY. Now, talking not casually but very carefully, because it is a serious matter, will you start at the beginning and tell the committee the entire story of whatever dealings you had involving Harry Russell and Louis Kutner.

Mr. BRANTMAN. Harry Russell has been my client since 1942, I believe, and I filed returns in each and every year for him that he had income to report to me. In the years 1948 and 1949 he did not have any income that he reported to me, and therefore I filed no returns for him. He did forward his blank signed returns to me, he never gave me any income or information concerning any of his earnings. Consequently no returns were filed in the year 1948 and 1949 for Harry Russell. That is, by me.

I believe this was the latter part of June. Harry Russell came into my office and in talking to him, the conversation centered around some of the newspaper publicity in advance of these committee meetings. As I was talking to Harry Russell, I said, "I believe I know of an attorney who could well represent you in any particular legal matters you have. Would you want to meet him?"

He said all right. I phoned Louis Kutner and had him come over to my office.

Mr. HALLEY. Prior to that had Kutner been in touch with you at all?

Mr. BRANTMAN. I have handled other tax matters——

Mr. HALLEY. I mean about Russell.

Mr. BRANTMAN. No, sir.

Mr. HALLEY. Kutner hadn't suggested it to you?

Mr. BRANTMAN. No. Kutner didn't know Russell and didn't know I knew him until I mentioned it to him.

Mr. HALLEY. You initiated the whole thing?

Mr. BRANTMAN. That is right. Then Kutner came to my office, and Kutner, Harry Russell, and myself had a chat. Kutner told him, he said—we asked him some questions about his own activity, what he was doing, and he told him. He said, "Well, you are called before the committee and according to newspaper information, it seems like you are in for quite a session," or some words to that effect.

He said, "I believe I can well represent you before any committee hearings."

Mr. Kutner suggested that "perhaps I could get the committee to serve the subpoena in Chicago, and you might save unnecessary newspaper publicity by being heard in Florida."

Mr. HALLEY. Where was this now?

Mr. BRANTMAN. In my office.

Mr. HALLEY. You can fix the date?

Mr. BRANTMAN. The latter part of June. I don't know offhand what date. It could be somewhere after the 20th. I know it was just preceding the Fourth of July by about a week.

So Harry Russell said, "See what you can do," meaning that he would confer with him at another time.

About 2 or 3 days later Louis Kutner said to me, "How would Mr. Russell like to go to New York to have a chat with Lester Velie," I believe, who was writing a Collier's newspaper article at the time.

He said, "I might try to arrange a hearing with the committee. I will call the attorney for the committee."

When Harry Russell got in touch with me a few days later—I am ahead of my story, I believe.

Yes, Harry Russell got in touch with me a couple of days later and made an appointment to go over to Mr. Kutner's office. While he was talking in Mr. Kutner's office he said, "I have arranged for you to go to New York to meet up with Mr. Lester Velie."

Harry Russell said, "I don't want to go to New York or to go anywhere. I don't know why I have to go to New York."

Mr. Kutner, I believe, told him, in order to avoid a lot of publicity.

He said he had two daughters that he didn't want to harm with a lot of unnecessary publicity. Mr. Kutner said, "Perhaps we can arrange for the committee to hear you before they sit in Florida."

Mr. Russell went away for a few days, I believe, to the North Woods after that. It was left that way. When he came back we got together again. He was due back, I think, on the 5th of July and didn't get in until about the 7th.

Mr. HALLEY. You say to the North Woods. Was he visiting with Ralph Capone at that time?

Mr. BRANTMAN. I couldn't say. He said he wanted to go fishing a couple of days. Would he have time, and I said as far as I am concerned he would.

Mr. HALLEY. Had he gone to Wisconsin?

Mr. BRANTMAN. Yes.

Mr. HALLEY. In the vicinity of Mercer?

Mr. BRANTMAN. No; I think it was in the vicinity of Lockwood, somewhere through there. I don't know whether that is near Mercer or not.

Mr. HALLEY. You don't know whether he was with Ralph Capone?

Mr. BRANTMAN. That I couldn't tell you; no, sir.

When he returned we had another visit at Mr. Kutner's office. They talked at random. Mr. Kutner told him he had since talked to Mr. Halley, the attorney for the committee, and that it would be entirely in order for him to come East, that Mr. Halley wanted to talk to him before he talked to anyone else, or would talk to him with anyone else, something to that effect. Again Mr. Russell said, "Well, I don't think I want to go anywhere. I would rather take it in the regular way."

Mr. Kutner said, "I have arranged for the subpoena to be sent here." Harry Russell was to meet with us—that same day he said, well, he would like to talk it over with someone. I believe he made a call to someone.

Mr. HALLEY. Who did he call?

Mr. BRANTMAN. I don't know. He went to another telephone in the office there.

Mr. HALLEY. Wasn't it Guzik?

Mr. BRANTMAN. That I don't know. I couldn't say who he called.

Mr. HALLEY. If Kutner says it was Guzik, is Kutner lying? Could he have known?

Mr. BRANTMAN. It might have been a guess.

Mr. HALLEY. Would it be a good guess?

Mr. BRANTMAN. I don't know because I don't know who he called. Kutner and I were chatting, and Harry Russell was at another telephone.

Mr. HALLEY. How could Kutner know, and not you?

Mr. BRANTMAN. That is very easy. One man could try to concentrate on the call and another one could not. I wasn't paying any attention to whom Harry Russell tried to call. I didn't hear any name mentioned. He just talked to someone. He said, "Can I see you?" which is their own way of expressing themselves, and apparently he went out to see that party that he called.

Mr. HALLEY. He went out then.

Mr. BRANTMAN. That is right.

We met a little later. They were chatting back and forth about different things. Mr. Kutner was talking at random and Harry Russell wanted to know what it would cost him. He finally made some remark, "What is it going to cost? Will it cost 25, will it cost 50?"

I said to Mr. Kutner, "Come down out of the clouds; why don't you make a price to this man for your services."

Mr. HALLEY. Who mentioned those figures, Russell?

Mr. BRANTMAN. Russell. I said, "He is not the type of man you have him built up to in wealth or prominence. Make him a reasonable arrangement and let him be the best judge of that." Mr. Kutner said he wanted a fee of \$10,000 plus travel expenses to represent him anywhere the committee would meet. Mr. Russell never accepted the services. He said, "No, that is beyond what I could pay." They went along that way, and we arranged to meet—this was a Friday. We arranged to meet on a Saturday morning. That was set for somewhere around 10 o'clock. We waited until about 10:30 and Mr. Russell didn't show up. Mr. Kutner decided we would call him at the hotel. We called him at the Hotel Blackstone. Harry Russell said "I will be over in about 15 or 20 minutes." He never came over. We waited around, Mr. Kutner and I, in his office until 1 o'clock. By that time I believe the subpoena came in by special delivery to his office, and when Russell did not show, Mr. Kutner's alternative was to return the subpoena.

Mr. HALLEY. Were you present when he returned the subpoena?

Mr. BRANTMAN. Yes, I was.

Mr. HALLEY. Were you present when he dictated the letter?

Mr. BRANTMAN. I was. I didn't like some of the remarks in there. I don't believe the conversation was intended as the remarks were carried out. Harry Russell could have mentioned, "Look what happened in Kansas City." He said, "I don't want people to think I am talking about them. I would rather take my service in Miami so they would not think I was passing someone else on at the benefit of myself."

He never clarified what he was talking about, except he didn't want people thinking he was talking about them.

Mr. HALLEY. So there was that much justification, at least, to the statement that Russell didn't want the Binaggio deal.

Mr. BRANTMAN. I don't think he expressed it in those words, but he talked in random. He referred to the Kansas City affair, and he said, "Look what happened at Kansas City."

Mr. HALLEY. Were you present when Kutner called me and gave me a very great amount of information which he alleged he got from Russell about Miami?

Mr. BRANTMAN. I was there, I think, on one or two occasions when Mr. Kutner called you that same day.

Mr. HALLEY. Were you there when he, for instance, said that Russell was down there as Fischetti's representative?

Mr. BRANTMAN. No; that I didn't hear. I know he said Russell told us that day, I think the day before, that he had bought a one-sixth interest in the S. & G., some wire service down there, and for his share in 1949 he lost \$14,000.

Mr. HALLEY. Were you there when Kutner told me that Russell was down there representing Fischetti?

Mr. BRANTMAN. No, sir.

Mr. HALLEY. Were you there when Kutner told me that the S. & G. syndicate had an arrangement each year whereby they arranged with the Miami Beach police how many arrests they would make, and they would pay a certain amount of fines for each arrest?

Mr. BRANTMAN. I think I heard that. I don't know whether it was in conversation to you or just in conversation in his office. I never paid too much attention when another man was making private calls because I figure that is his own business, but I do remember that kind of conversation.

Mr. HALLEY. Do you remember his giving me a great deal of information that he was supposed to have gotten from Russell about Miami Beach?

Mr. BRANTMAN. Only to the extent of S. & G. What other information there was I don't know because Mr. Kutner might have talked to you on the other time when I wasn't in his office.

Mr. HALLEY. No, just this one long conversation. He stated certain admissions he had gotten from Russell about S. & G.; is that right?

Mr. BRANTMAN. Yes; but I didn't follow them too closely to know them or remember verbatim what the conversation was, except to say that Harry Russell's link was with the S. & G.

Mr. HALLEY. Are those the things that in fact Harry Russell had told Kutner?

Mr. BRANTMAN. Yes.

Mr. HALLEY. He had said that he was down there and had just entered the S. & G. syndicate?

Mr. BRANTMAN. That is right, in 1949. You see, Harry Russell was down in Florida for several years before that for his health. He left here with a serious heart attack and was not doing anything for several years. His interest then was the Russell's Silver Bar from which he drew salary. I believe in either 1946 or 1947, perhaps 1947, he sold the interests of his wife and himself in Russell's Silver Bar

and took his tax loss. I know I had to get the information from Bernie Schafer, who is the agent for Russell's Silver Bar.

Then I was able to file the tax returns for both Mrs. Russell and Harry Russell. They file individual tax returns.

Mr. HALLEY. Where did Russell get the money to invest in S. & G.? He had been out of work for several years.

Mr. BRANTMAN. He had been, I presume.

Mr. HALLEY. His income prior to that hadn't been very great.

Mr. BRANTMAN. I presume over the years Harry Russell had accumulated some money.

Mr. HALLEY. He didn't have it in a bank.

Mr. BRANTMAN. That I couldn't tell you because I had represented him only since 1942.

Mr. HALLEY. In your conversations with Russell and Kutner, wasn't there some discussion of money over and above a fee to be paid Kutner?

Mr. BRANTMAN. No, sir.

Mr. HALLEY. You made a statement to the State's attorney, didn't you, Mr. Brantman?

Mr. BRANTMAN. Not to that effect. I said they could have talked of sums at random. I did not specify that I knew of any particular amounts over and above \$10,000 that they talked about.

Mr. HALLEY. Look, Mr. Brantman, you wouldn't want to kid us here.

Mr. BRANTMAN. I am not trying to kid you, gentlemen, nor am I trying to kid anyone else.

Mr. HALLEY. You have made these statements to other people in Chicago, who have repeated them to me.

Mr. BRANTMAN. What statements are those?

Mr. HALLEY. We will go into them. You made them substantially to Mr. John S. Boyle, the State's attorney, did you not?

Mr. BRANTMAN. I would like to know what statements I did make. I never read what Mr. Boyle had written up.

Mr. HALLEY. I will read it to you and you may say whether it is so or not.

Question. Did Kutner in your presence ask Russell for any money or fee?

Answer. He asked Russell for a fee. That was in Kutner's office.

Question. When was this?

Answer. It could have been 3 or 4 days later.

Question. How much did he ask for?

Answer. Between five and ten thousand dollars for a fee.

Question. Was a fee of \$5,000 mentioned?

Answer. That could have been mentioned but it wasn't as a fee.

Question. What was that for?

Answer. The fee he talked about was \$10,000.

Question. For himself, and what additional money did he talk about?

Answer. He said if he did have some money he could do something for him.

Question. How much?

Answer. He might have talked about twenty-five or fifty thousand dollars.

Mr. BRANTMAN. That is not the way I said that to him. State's Attorney Boyle was asking questions: did Kutner talk of \$50,000 and say he could do something for him? I said no, they talked of different amounts between them. There was no talk of anything but his representing him before the committee and for a fee.

Mr. HALLEY. When did you last see Kutner?

Mr. BRANTMAN. Yesterday.

Mr. HALLEY. What did you talk about?

Mr. BRANTMAN. We talked about his being appointed as attorney for I believe Consul of Ecuador, who had a tax matter in Mr. Kutner's office. I hadn't seen him since I saw him out here in the committee anteroom.

Mr. HALLEY. When was that, a week or so ago?

Mr. BRANTMAN. Yes; the last 3 days that the committee sat here before your trip to New York.

Mr. HALLEY. Prior to that one when did you last see him?

Mr. BRANTMAN. I don't know if I have seen him once—I might have seen him once or twice before, a couple revenue men on a tax matter that he is handling, we had a meeting at his office.

Mr. HALLEY. How long previous?

Mr. BRANTMAN. That could have been possibly a week. I believe he just came back from a trip to Europe.

Mr. HALLEY. You made this statement to the State's attorney on September 29, 1950; is that right?

Mr. BRANTMAN. Somewhere around that time.

Mr. HALLEY. When did you first see Kutner after you made that statement?

Mr. BRANTMAN. Oh, probably 3 or 4 days later.

Mr. HALLEY. Do you remember when Harry Russell sent a telegram to this committee in Florida repudiating Kutner as his lawyer?

Mr. BRANTMAN. Harry Russell mentioned that to me over the telephone.

Mr. HALLEY. It appeared in the papers?

Mr. BRANTMAN. Yes; that from Chicago he sent a wire to the committee.

Mr. HALLEY. Then Kutner got very incensed and drafted a long statement for the press; is that right?

Mr. BRANTMAN. I don't know whether he did.

Mr. HALLEY. He told you he did; didn't he?

Mr. BRANTMAN. No; he didn't tell me.

Mr. HALLEY. Didn't you talk to Kutner about——

Mr. BRANTMAN. I talked to Kutner——

Mr. HALLEY. About his answer to that telegram?

Mr. BRANTMAN. There were articles appearing in the press, and Harry Russell called me and he said, "What is this fellow trying to do?"

I said, "I don't know. What has happened?"

He said, "He has given out a lot of wrong statements about me."

I talked to Kutner. I said, "Why are you picking on the fellow? He never hired you."

Mr. HALLEY. You mean you called Kutner?

Mr. BRANTMAN. I did, because Harry Russell asked me to, to tell him to let him alone. I said, "I will call the party." I called Kutner and he said the press misquoted the statement he made.

Mr. HALLEY. Isn't it a fact that he had prepared a written statement?

Mr. BRANTMAN. He could have, but I don't know that of my knowledge.

Mr. HALLEY. Didn't Russell tell you to tell Kutner it would be healthier for him not to issue any statement?

Mr. BRANTMAN. No. No, he told me to have the fellow lay off him. Those are the exact words used. He said, "What is he bothering me for?" He said he never hired Kutner. I told Kutner, "Why go into an exchange of compliments with the press and embroil the situation? The fellow didn't hire you."

Mr. HALLEY. Since you made your statement to the State's attorney, has anybody intimidated you?

Mr. BRANTMAN. No, sir; only the article in the newspaper.

Mr. HALLEY. Has anybody told you to stop discussing this matter?

Mr. BRANTMAN. No, sir.

Mr. HALLEY. Or threatened you?

Mr. BRANTMAN. No, sir. I am not being threatened. I have no reason for being, to my knowledge.

Mr. HALLEY. But you talked to Kutner a few days after you made this statement.

Mr. BRANTMAN. I did.

Mr. HALLEY. That is all. Thank you.

Mr. CHAIRMAN. Anything else?

Mr. ROBINSON. Did you prepare any tax return for Mr. Russell in the last 2 years?

Mr. BRANTMAN. No, sir; I believe I delivered to you some blank signed copies, and I had no information concerning his income. There was nothing to be filed. I didn't know his interest in this S. & G. until some time in June of this year when he told me about it.

Mr. ROBINSON. How did he happen to sign those copies?

Mr. BRANTMAN. It is customary. I would write him and tell him if he had any income to sign the blank returns and to furnish the information to me, assuming if he had any interests here or any salary or income from somewhere, I would have it in time because we had to file a final and complete estimate of income on January 15, and thereafter file a final return before March 15. So in expediting it, not to have a delinquent return filed, I would ask him to send me a blank signed return, which he would do.

Mr. ROBINSON. He never did furnish you with any information?

Mr. BRANTMAN. No, sir.

Mr. ROBINSON. Did he give any reason for it?

Mr. BRANTMAN. Simply saying that he made no income in those years. He had no activities.

Mr. ROBINSON. Did he mention any investment that he had made, that he had taken a loss on or anything of that nature?

Mr. BRANTMAN. No, sir.

Mr. ROBINSON. Did he make any mention of the fact that he invested \$14,000 in some operation and had taken a loss of \$20,000?

Mr. BRANTMAN. In June of this year when I saw him at Chicago, he told me he invested \$20,000 in the S. & G. Syndicate in 1949. I said what income did you make? You did not file a return. He said "I lost \$14,000."

I said "Get me the true facts and the information, and we will file a delinquent return for you." I never got the facts and no return was ever filed.

Mr. ROBINSON. He never furnished you with any other information concerning any other source of income?

Mr. BRANTMAN. No, sir.

Mr. ROBINSON. In preparing Mr. Ralph Capone's tax returns, did you maintain any set of books for Mr. Capone?

Mr. BRANTMAN. No, sir. Any books that were kept were kept by other people and annually I would get all the results of the year's activity at the time for filing the return.

Mr. ROBINSON. How do you arrive at what his income was?

Mr. BRANTMAN. He would give me the financial statement of his activity in Suburban Cigarette Co., by whoever compiled it, and I would get a slip, a W-4, which is a wage earnings slip, from Billy's, Inc., in Mercer.

Mr. ROBINSON. That is all you would get?

Mr. BRANTMAN. Yes.

Mr. ROBINSON. What is his principal source of income?

Mr. BRANTMAN. Those two sources are the principal sources that I know of that have come to my attention.

Mr. ROBINSON. Do you know anything about the amount of time he devoted to the Suburban Cigarette Co.?

Mr. BRANTMAN. No, I don't.

Mr. ROBINSON. Did you discuss that with him at all?

Mr. BRANTMAN. I only see Ralph Capone at the time when I need quarterly payments on his income tax and for the filing period in January.

Mr. ROBINSON. Did he ever indicate to you how much time he devoted to the Waukesau Water Co.?

Mr. BRANTMAN. I know at the time the Waukesau Water Co. was in existence, I could call him there and met him there at different times. I don't know how much time he devoted to it.

Mr. ROBINSON. Did he ever discuss with you any partnership agreement between a man named Krumdike and James?

Mr. BRANTMAN. No, sir.

Mr. ROBINSON. Do you know what properties Capone owned?

Mr. BRANTMAN. No, I don't.

Mr. ROBINSON. No, until just recently he told me, kidding him about the newspaper report that he had a 47-room home up in Wisconsin, he laughed and said that is just a 5-room house.

Mr. ROBINSON. I have here, Mr. Brantman, your pencil notations which you turned over to me when I first saw you [handing documents to the witness].

Mr. BRANTMAN. Yes, sir.

Mr. ROBINSON. There is a pencil notation on the sheet I think marked January 12, 1945.

Mr. BRANTMAN. Yes, I have that.

Mr. ROBINSON. In which there is a reported income of \$26,000 from the Waukesau Water Co.

Mr. BRANTMAN. \$2,600.

Mr. ROBINSON. \$2,600. From the Waukesau Water Co. in Wisconsin.

Mr. BRANTMAN. Yes, sir.

Mr. ROBINSON. Is that the correct amount of income from those two concerns?

Mr. BRANTMAN. I believe he sold the Waukesau Water to other people or it could have been abandoned. I believe that is the last of what he had. I never did any work for Waukesau Water nor do I know how it thrived or existed, except I know they sold water.

Mr. ROBINSON. You don't know what he derived from the sale of that company?

Mr. BRANTMAN. No, sir; I don't.

Mr. ROBINSON. He never gave you that information?

Mr. BRANTMAN. No, he didn't. I believe if he had a loss he would be entitled to it, but I never got the information.

Mr. ROBINSON. In 1944, I believe a pencil note dated January 12, 1945, indicates the combined income from the Waukesau Water Co. and Bill's Bar was \$2,600.

Mr. BRANTMAN. That is right.

Mr. ROBINSON. It appears that the tax return in income was reported as \$2,600 from Bill's Bar only.

Mr. BRANTMAN. Well, Mr. Robinson. On January 12 I would be getting tentative information to try to file at least 90 percent of the correct income of the taxpayer by January 15. Some time after January 15, before March 15, I would get the information and file a complete return. A tentative filing is what we made by January 15.

Mr. ROBINSON. I think you will notice on one of those work sheets that there is a deduction of \$725.

Mr. BRANTMAN. For the 1944 return I notice this name Krumdike and James, a loss of \$599.75. That is the first I recall the name. I never try to remember the names.

Mr. ROBINSON. Isn't there on one of those sheets an expense of \$725?

Mr. BRANTMAN. I will see if there is.

Mr. ROBINSON. It is on one of the yellow sheets. I believe it has an arrow pointing to it.

Mr. BRANTMAN. That is for the year 1945. The sheet dated January 9, 1946, for the year 1945.

Mr. ROBINSON. That is in connection with Billy's Bar?

Mr. BRANTMAN. Yes. It is going back of course to any of his activities in Billy's Bar, yes.

Mr. ROBINSON. Do you recall whether he gave you any supporting statements for that expense?

Mr. BRANTMAN. No. He drives a car and goes back and forth and has expense, long distance calls, train rides and automobile expense through the year.

Mr. ROBINSON. He just gave you that lump-sum figure.

Mr. BRANTMAN. That is right.

Mr. ROBINSON. Without any supporting documents?

Mr. BRANTMAN. I don't have any supporting data. He didn't have any.

Mr. ROBINSON. How did you prepare the tax returns for Accardo? You say he was in the gambling business. What sort of information?

Mr. BRANTMAN. Bookmaking.

Mr. ROBINSON. What sort of information would he give you, records, to indicate what his profit or income was?

Mr. BRANTMAN. He would bring a slip of paper showing what moneys he made from many different ventures, and from what information he gave me I would file his tax returns at the time. He would sign it. That was the only source of knowledge I had of the ventures at the time he would give it to me.

Mr. ROBINSON. You have never kept any of those records?

Mr. BRANTMAN. I have not; no, sir. I never kept any records for any of the ventures he was interested in or any of the others.

Mr. ROBINSON. What became of them, to your knowledge?

Mr. BRANTMAN. That I don't know.

Mr. ROBINSON. Did he call for them?

Mr. BRANTMAN. I believe during some of the years when there were examinations they called for the returns or any papers I might have had and since I had no further use for them I would give it to them. I had no reason for not giving it to him, the same as if I were called by a revenue agent who wanted to see my papers. They are available. Only they kept the papers. I didn't get them. Since I was not doing any more work for them it didn't make any difference to me.

Mr. ROBINSON. What is your recollection of what the income was of Accardo at the time you were handling his return?

Mr. BRANTMAN. From bookmaking sources. I believe there was one which could have been from something in Chicago Heights, and I think one venture in town, I believe 1 year he was a partner with Russell, 1 or 2 years he was a partner with Russell in the earlier years.

Mr. ROBINSON. Do you recall generally what the income was?

Mr. BRANTMAN. That is almost 10 years ago, gentlemen.

Mr. ROBINSON. That is all.

Mr. BRANTMAN. He was a partner, though. I recall that.

Mr. ROBINSON. What I was getting at, do you recall generally what his share of the partnership was, whether it was \$10,000 or whether it was \$75,000.

Mr. BRANTMAN. I don't know what it was in amount. I believe he was a one-fourth partner.

The CHAIRMAN. About what did Accardo make a year?

Mr. BRANTMAN. I don't know offhand. I could only hazard a guess. I don't know how correct my guess it. It might be \$20,000 or \$25,000 a year. It might be \$30,000.

The CHAIRMAN. How about Ralph Capone?

Mr. BRANTMAN. I can read from the papers I have here and hazard a guess that it changes from time to time. Ralph Capone in 1945 shows \$7,800 of income. In 1944 he showed a net result after taking a couple of losses, of \$6,988.97.

The CHAIRMAN. How about Murray Humphreys?

Mr. BRANTMAN. That I don't remember. That is away back in the middle thirties. Ralph Capone has shown income of \$18,000 and \$20,000 since these dates.

The CHAIRMAN. Thank you very much, Mr. Brantman.

Mr. BRANTMAN. You are entirely welcome, sir. Do you want to keep these papers, Mr. Robinson? Will I have these papers when you are through with them?

Mr. ROBINSON. Eventually.

Mr. BRANTMAN. May I go on or am I supposed to wait around?

The CHAIRMAN. You may go on. If we want you again, we will let you know.

Mr. BRANTMAN. Thank you, sir.

The CHAIRMAN. Mr. Serritella, come around and sit down. Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SERRITELLA. I do.

TESTIMONY OF DANIEL ANTHONY SERRITELLA, CHICAGO, ILL.

Mr. HALLEY. What is your full name?

Mr. SERRITELLA. Daniel Anthony Serritella.

Mr. HALLEY. Daniel Anthony Serritella.

Mr. SERRITELLA. That is right.

Mr. HALLEY. What is your address?

Mr. SERRITELLA. 2127 South Prairie Avenue, Chicago.

Mr. HALLEY. What is your business?

Mr. SERRITELLA. I am working for the Blue Scratch Sheet circulation department.

Mr. HALLEY. What scratch sheet is that?

Mr. SERRITELLA. Illinois Sports.

Mr. HALLEY. Who owns it?

Mr. SERRITELLA. I think the one that signs the check is Kelly.

Mr. HALLEY. Who hired you?

The CHAIRMAN. Which Kelly?

Mr. SERRITELLA. George Kelly.

Mr. HALLEY. Who hired you?

Mr. SERRITELLA. Buck White.

Mr. HALLEY. Buck White hired you?

Mr. SERRITELLA. Yes.

Mr. HALLEY. In what year were you hired by Illinois?

Mr. SERRITELLA. I have been working there, I think, only since December in 1949.

Mr. HALLEY. Have you any other business right now?

Mr. SERRITELLA. No, I haven't. I have been sick for a long time.

Mr. HALLEY. How long were you sick?

Mr. SERRITELLA. I have been in and out of the sanitarium. I had about seven or eight breakdowns.

Mr. HALLEY. Nervous breakdowns?

Mr. SERRITELLA. What?

Mr. HALLEY. What kind of breakdowns.

Mr. SERRITELLA. Nervous breakdowns.

Mr. HALLEY. Starting when?

Mr. SERRITELLA. Huh?

Mr. HALLEY. Starting when?

Mr. SERRITELLA. I think it started about 1938 or '39, around in that vicinity.

Mr. HALLEY. Running up through 1949?

Mr. SERRITELLA. I have been pretty good now. I want to tap on wood. I have been all right for about a year now.

Mr. HALLEY. What is your salary with Illinois Sports?

Mr. SERRITELLA. What? \$100 a week.

Mr. HALLEY. \$100 a week.

Mr. SERRITELLA. Yes.

Mr. HALLEY. What are your duties?

Mr. SERRITELLA. My duty is promotion of circulation. With all the newsstands. I used to be president of the newsboys union away back. I worked for circulation with Hearst away back.

Mr. HALLEY. This is the Daily Sports News? Is that what it is called?

Mr. SERRITELLA. That is right.

Mr. HALLEY. You handle the circulation on it?

Mr. SERRITELLA. That is right.

Mr. HALLEY. What is the circulation of it?

Mr. SERRITELLA. I couldn't tell you now because I don't handle the figures. The only thing I handle is the newsstands, to see that we get the proper displays, and see that the papers are on time.

Mr. HALLEY. You are an outside man, then?

Mr. SERRITELLA. That is right.

Mr. HALLEY. It is published by the same company that is distributor for the wire service, is that right?

Mr. SERRITELLA. I wouldn't know that.

Mr. HALLEY. Of course you would, Mr. Serritella. Let's save time.

Mr. SERRITELLA. I mean, I didn't go into that detail, to ask that question.

Mr. HALLEY. Generally, you know that, don't you?

Mr. SERRITELLA. The only thing I know is what I read in the paper.

Mr. HALLEY. Where do you collect your pay?

Mr. SERRITELLA. On Ninth and Wabash.

Mr. HALLEY. You mean on the corner?

Mr. SERRITELLA. No, right in the scratch sheet office.

Mr. HALLEY. The scratch sheet office of the Daily Sports News?

Mr. SERRITELLA. Yes, where they print the paper.

Mr. HALLEY. Where is the office of Illinois?

Mr. SERRITELLA. You mean the scratch sheet?

Mr. HALLEY. No, I mean the wire service.

Mr. SERRITELLA. I wouldn't know that they have—I mean, as far as I know they used to be at 431 South Dearborn.

Mr. HALLEY. Were you ever there?

Mr. SERRITELLA. I used to go there before.

Mr. HALLEY. Before when?

Mr. SERRITELLA. Before Mr. Ragen died.

Mr. HALLEY. Before Mr. Ragen died.

Mr. SERRITELLA. Yes. He was the godfather of my son. I was a friend of Ragen for over 30 years.

Mr. HALLEY. We will work back. We will try to get it in more orderly fashion.

Right now, the Daily Sports News is published by the Illinois, isn't it?

The CHAIRMAN. Mr. Serritella, we will get along better if you just say whether you know or not.

Mr. SERRITELLA. I wouldn't know that. I don't want to lie to you. I don't want to say something that I don't know.

Mr. HALLEY. Have you heard that?

Mr. SERRITELLA. Only what I read in the papers.

Mr. HALLEY. What have you read in the papers?

Mr. SERRITELLA. The same as anybody else, saying what the papers print. They print in there saying it is owned by all the same people. That is all I know.

Mr. HALLEY. You mentioned Illinois yourself as being your employer. What is on the check that you get?

Mr. SERRITELLA. Daily Sports News.

Mr. HALLEY. Daily Sports News. What is the name of the corporation that hires you?

Mr. SERRITELLA. Daily Sports News.

Mr. HALLEY. The man who employed you was Buck White?

Mr. SERRITELLA. That is right.

Mr. HALLEY. Who else do you know? Do you ever see Mr. Kelly?

Mr. SERRITELLA. Yes.

Mr. HALLEY. Tom Kelly?

Mr. SERRITELLA. Yes.

Mr. HALLEY. Where do you see him?

Mr. SERRITELLA. I mean George Kelly.

Mr. HALLEY. Where do you see George Kelly?

Mr. SERRITELLA. At 903 South Wabash.

Mr. HALLEY. When did you last go into the offices of Illinois News?

Mr. SERRITELLA. I was there yesterday.

Mr. HALLEY. Illinois News?

Mr. SERRITELLA. Yes. I go there to see if there is anything while I am in the Loop checking if there is any complaints or anything like that.

Mr. HALLEY. I am not talking about the Daily Sports. I am talking about Illinois.

Mr. SERRITELLA. I haven't been there in a long time.

Mr. HALLEY. When were you last at the offices of Illinois?

Mr. SERRITELLA. I don't even know where they are located. I don't know where Illinois is located.

Mr. HALLEY. Prior to this job with the Daily Sports News, what was your last occupation?

Mr. SERRITELLA. I was part owner of the Blue Scratch Sheet, with Silvester Farrell.

Mr. HALLEY. What was the full name of that scratch sheet?

Mr. SERRITELLA. We used to call that the Daily Sports News, too, the Blue Scratch Sheet.

Mr. HALLEY. The Blue Scratch Sheet.

Mr. SERRITELLA. Yes.

Mr. HALLEY. Who published it?

Mr. SERRITELLA. Farrell and myself.

Mr. HALLEY. Farrell and yourself. Did you own it?

Mr. SERRITELLA. Yes.

Mr. HALLEY. In what year was that?

Mr. SERRITELLA. I think it was in the year—I am not sure on the dates, you know. I think it might be in 1943 or 1945. I was there for 2 or 3 years.

Mr. HALLEY. With Silvester Farrell?

Mr. SERRITELLA. Yes, and then we had a lawsuit and we dissolved the partnership and I sold out.

Mr. HALLEY. What was the lawsuit?

Mr. SERRITELLA. The lawsuit was in the superior court of Cook County.

Mr. HALLEY. Who were you fighting in this lawsuit?

Mr. SERRITELLA. Farrell was.

Mr. HALLEY. Who was he fighting?

Mr. SERRITELLA. He wanted to dissolve the partnership.

Mr. HALLEY. Why did he want to do that?

Mr. SERRITELLA. According to the bill that he filed in court, he said there were other partners besides me in it.

Mr. HALLEY. Who did he say were the other partners?

Mr. SERRITELLA. He mentioned a lot of names.

Mr. HALLEY. Who?

Mr. SERRITELLA. He mentioned Hymie Levin. He mentioned different names.

Mr. HALLEY. What are the names?

Mr. SERRITELLA. I think it was Guzik.

Mr. HALLEY. Jake Guzik?

Mr. SERRITELLA. Yes.

Mr. HALLEY. You know very well it was Guzik. Why not come right out? We will save a lot of time.

Mr. SERRITELLA. I am trying to tell you the truth. I want to be sure what I am talking about.

Mr. HALLEY. You are sure of that. You are as sure of that as you are that you are smoking a cigar. Who else did he say were your partners?

Mr. SERRITELLA. I don't know if he mentioned any other names or not. It has been so long. It is almost 4 years now.

Mr. HALLEY. Where were the offices of the Blue Scratch Sheet?

Mr. SERRITELLA. On Wells Street.

Mr. HALLEY. With the offices of the R. & H.?

Mr. SERRITELLA. I wouldn't know.

Mr. HALLEY. Were you ever in the offices of the R. & H. news service?

Mr. SERRITELLA. Never.

Mr. HALLEY. At any time?

Mr. SERRITELLA. Never; no.

Mr. HALLEY. Do you know Jake Guzik?

Mr. SERRITELLA. Yes.

Mr. HALLEY. How long have you known Guzik?

Mr. SERRITELLA. I have known him ever since I got into politics.

Mr. HALLEY. We don't want to get back there yet. First tell us this: Your last employment was with the Daily Sports News starting in December of 1949?

Mr. SERRITELLA. Yes. In that vicinity. It might be sooner.

Mr. HALLEY. Then you hadn't worked before that since around 1943 or 1944?

Mr. SERRITELLA. No. I sold out in 1946.

Mr. HALLEY. You sold out in 1946 on the Blue Scratch Sheet?

Mr. SERRITELLA. That is right.

Mr. HALLEY. To whom did you sell out?

Mr. SERRITELLA. I sold out to Silvester Farrell.

Mr. HALLEY. To Farrell. How much did he pay you?

Mr. SERRITELLA. \$50,000.

Mr. HALLEY. He paid you \$50,000. Did you keep that \$50,000 or did you owe any of it?

Mr. SERRITELLA. I owed some money. I had to pay lawyers fees and a lot of other stuff that was in there.

Mr. HALLEY. What happened to the \$50,000? Will you tell us?

Mr. SERRITELLA. I owed some money to different people, and I owed—

Mr. HALLEY. That won't do. Who did you owe the money to, Mr. Serritella?

Mr. SERRITELLA. I owed some money to Guzik.

Mr. HALLEY. How much did you owe to Guzik?

Mr. SERRITELLA. I forgot. You see, the record is there. I mean I filed my income tax on it. Whatever it was, it is marked in there, you see.

Mr. HALLEY. No. You tell us, Mr. Serritella.

The CHAIRMAN. How much did you owe Guzik and how much did you pay him? That is an easy question and you would know.

Mr. SERRITELLA. Here is the thing, Senator. It is in the vicinity of a certain figure. I am not sure, you see. When I got sick there—

The CHAIRMAN. Let's don't get in details about when you got sick. What figure was it in the vicinity of?

Mr. HALLEY. Your best recollection. That will do it.

Mr. SERRITELLA. Between 15 and 20 thousand dollars, something like that.

Mr. HALLEY. You owed that to Guzik?

Mr. SERRITELLA. Yes.

Mr. HALLEY. He loaned that to you to go into the scratch sheet originally?

Mr. SERRITELLA. Yes.

Mr. HALLEY. Who else did you owe money to?

Mr. SERRITELLA. I owed the lawyers and different expenses.

Mr. HALLEY. What lawyers?

Mr. SERRITELLA. George M. Calahan.

Mr. HALLEY. How much did you owe him?

Mr. SERRITELLA. I think it was \$3,500, something like that, \$3,500.

Mr. HALLEY. To Calahan?

Mr. SERRITELLA. Yes. We had a lawsuit which was pending there for a long time.

Mr. HALLEY. Who else did you owe money?

Mr. SERRITELLA. I can't think.

The CHAIRMAN. Levin?

Mr. SERRITELLA. No. I didn't.

Mr. GARRETT. Isn't it a fact, that in this whole operation you just handled this matter for Guzik and turned over the money to him?

Mr. SERRITELLA. No. I will make it plain to you people. Originally I had the Green Scratch Sheet. I went in the business then, you see and then I sold that thing out and I got sick. Then I went back in the business and I had a little money of my own, and I borrowed some money to go back in the business.

Mr. GARRETT. Did you ever hear anything about the fact that Guzik had a man working, taking in the daily collections, making up returns, indicating that a number of scratch sheets were being returned as unsold, and they were not unsold, taking that cash and delivering it to Guzik rather than running it through the company's books?

Mr. SERRITELLA. No. Ragen made a complaint about that, and we investigated it and found out it was wrong. To satisfy Ragen we fired a fellow. I fired the fellow. Not Guzik, Frank Cerone. Ragen was wrong about that. To satisfy him I fired a fellow.

Mr. GARRETT. Did Ragen ever show you an affidavit that he prepared indicating that he had something on somebody that he was going to hold that affidavit as his protection in case he should be shot, and the affidavit would come out?

Mr. SERRITELLA. I think he did; yes.

Mr. GARRETT. What did the affidavit contain to the best of your recollection?

Mr. SERRITELLA. I think it was a 98-page thing. There were so many things in there, it is hard for me to remember everything in detail.

Mr. GARRETT. Do you have any idea what happened to that affidavit?

Mr. SERRITELLA. No; I don't.

Mr. GARRETT. Did you ever discuss the affidavit with Murray Humphreys?

Mr. SERRITELLA. No. He said to me, he made his own appointments with Humphreys or anybody else because he would make a lot of different appointments that I wouldn't know nothing about. In fact he would show anybody—he even showed the fellow in the barber shop the affidavit.

Mr. GARRETT. Senator, one thing that we are particularly interested in is this difficulty that arose between the Continental News Service, Ragen, and a competing news service which was run by other persons. You have been around this business for a long time and we think you can give us the whole story there about that. Will you just tell us who started this competing news service and when it was started, and so forth? You remember back in early 1946 when all this trouble came up.

Mr. SERRITELLA. The only thing I knew is that Ragen himself started a scratch sheet against me. He started a green scratch sheet.

Mr. GARRETT. I mean news service, not only scratch-sheet business but service to bookies.

Mr. SERRITELLA. You asked me a question, and that was the starting of the thing. He started the green scratch sheet, and I said to him, he came over and said, "Here is the new scratch sheet that I have." He showed me a green one. I said to him, "What are you going to do with that?"

He said, "I am going to put it out."

I said, "Well, you are interested in Farrell. What do you want?"

He said, "The reason I am putting this sheet out is this," he said, "I want complete control of the service." He said, "If Hymie Levin doesn't go out of business—"

I said, "What does Hymie Levin have to do with me?"

Mr. GARRETT. When was this scratch sheet started?

Mr. SERRITELLA. The green one?

Mr. GARRETT. Yes.

Mr. SERRITELLA. The green one he started. That was during the time we went to court in 1946.

Mr. GARRETT. About June of 1946.

Mr. SERRITELLA. It was in the wintertime there. I believe it was just before the holidays. It might have been in 1945, just before the holidays. You see, he was not feeling so well and he was going to Miami with his wife. He said to me, "I am going away."

I said, "You need a rest. I think it is a good idea for you to go to Florida." I always respected him as a father. He was very good to me.

Mr. GARRETT. About this time, though, didn't someone other than Ragen, maybe after Ragen started the trouble—we will assume that he started it—didn't some organization other than Ragen's organization go out to the tracks at Cicero and start gathering their own

news? You know about that, don't you? You are around Chicago and around Guzik and all those people.

Mr. SERRITELLA. I am not around them. Ragen was a sick man. I hadn't seen the man——

Mr. GARRETT. We will skip that. You remember their going out to Cicero and getting their own news, don't you?

Mr. SERRITELLA. I never go to the track. I haven't been to the track——

Mr. GARRETT. Didn't you hear about that, that there were two news services——

Mr. SERRITELLA. I read about it in the paper.

Mr. GARRETT. You know nothing about the two news services except what you read in the papers?

Mr. SERRITELLA. I know they tried to hire me and I said I wouldn't work for them. I told them I was sick and I was going to quit the thing altogether.

The CHAIRMAN. Who tried to hire you?

Mr. GARRETT. Who tried to hire you?

Mr. SERRITELLA. A fellow named Burns.

Mr. HALLEY. Which Burns?

Mr. SERRITELLA. Pat Burns. I said to him, "I don't want no part of it."

Mr. GARRETT. What sort of job was he going to give you?

Mr. SERRITELLA. He figured I knew a lot of people. He wanted me to get customers for him. I said "I don't want nothing to do with it." I said, "After I get through with the lawsuit, going to court," I said, "I am sick, I don't want no part of nothing."

Mr. GARRETT. Who did you talk to in regard to that matter besides Pat Burns?

Mr. SERRITELLA. Nobody else.

Mr. GARRETT. Did you ever make any overtures on behalf of any one to Ragen in order to persuade Ragen to sell his interest in any news service?

Mr. SERRITELLA. No, sir.

Mr. GARRETT. Anything like?

Mr. SERRITELLA. The only thing I tried to persuade Ragen was that the Blue Scratch Sheet was a good going business and I said to him that it wasn't fair for him to put me out of business and start another scratch sheet and make me the goat.

Mr. WHITE. How long after that was he killed?

Mr. SERRITELLA. I think about a year after that.

Mr. WHITE. He did start a sheet, didn't he?

Mr. SERRITELLA. Yes, he did; yes. We went to court. I think that case was over about April, something like that. I think it was in that vicinity, March or April.

Mr. WHITE. He put you out of business when he started, didn't he?

Mr. SERRITELLA. Certainly.

Mr. WHITE. And then he was killed after that?

Mr. SERRITELLA. Away after that.

Mr. WHITE. Not away after.

Mr. SERRITELLA. We went to court and we were in court together. They bought me out.

Mr. GARRETT. Mr. Serritella, there is something I would like to have your opinion on. That is, you had known Pat Burns for some time and you knew——

Mr. SERRITELLA. I knew Pat Burns when Pat Burns worked for the Herald-American.

Mr. GARRETT. He was not a person——

Mr. SERRITELLA. He was a city circulator for the Herald-American.

Mr. GARRETT. Is he a person that would have \$100,000 around loose?

Mr. SERRITELLA. I wouldn't know that.

Mr. GARRETT. You would doubt it, wouldn't you?

Mr. SERRITELLA. It is hard to tell.

Mr. GARRETT. He had always been a paid employee of someone else all his life, on an ordinary salary?

Mr. SERRITELLA. He had had good jobs all the time. He worked with the Herald-American, and from there he went to work for the General News Bureau.

Mr. GARRETT. What I would like to get is, Who in your opinion backed him financially in this new service?

Mr. SERRITELLA. I wouldn't know because I told him I wouldn't have nothing to do with it.

Mr. GARRETT. I would just like to have your best guess. You know more about this than I do, and rather than have me guess, I would like to have you guess. Couldn't you guess?

Mr. SERRITELLA. I don't know. Only what I saw in the paper. I wouldn't know.

Mr. GARRETT. Nothing except what you saw in the paper?

Mr. SERRITELLA. I wouldn't have anything to do with it, because after I went to court I was disgusted, and I was sick and didn't want to have nothing to do with it.

Mr. HALLEY. When you sold out the Blue Scratch Sheet, you got \$50,000, is that right?

Mr. SERRITELLA. That is right.

Mr. GARRETT. And you had to pay back \$15,000 to Guzik, and \$3,500 to Calahan. What did you do with the rest of the \$50,000?

Mr. SERRITELLA. I used that for doctor bills and hospitals and stuff like that.

Mr. HALLEY. What did you buy to get into the Blue Scratch Sheet in 1943?

Mr. SERRITELLA. I forget. Now, when you go in business you need money, machinery. We had to buy machinery and stuff like that. I wouldn't know unless I had my records to refresh my memory.

Mr. HALLEY. Farrell was in it before you, is that right?

Mr. SERRITELLA. No. Farrell and I bought a fellow by the name of Ed Consella.

Mr. HALLEY. You bought out Consella?

Mr. SERRITELLA. That is right.

Mr. HALLEY. You don't remember what you paid? Did you pay as much as \$50,000?

Mr. SERRITELLA. There was some machinery there that he had, and stuff here. We paid him whatever machinery and stuff he had on hand because he wasn't doing so well.

Mr. HALLEY. What did you have to pay him, about \$10,000, \$20,000, roughly?

Mr. SERRITELLA. Something like that, maybe \$15,000, something like that.

Mr. HALLEY. \$15,000 each, or \$15,000 between two of you.

Mr. SERRITELLA. Between the both of us.

Mr. HALLEY. Who gave you the money to go into it?

Mr. SERRITELLA. I had part of it myself.

Mr. HALLEY. Who gave you the rest of it?

Mr. SERRITELLA. I borrowed it from Jack.

Mr. HALLEY. Jack Guzik?

Mr. SERRITELLA. Yes.

Mr. HALLEY. In 1946, then, you made a profit when you sold out your half to Farrell.

Mr. SERRITELLA. Well, after paying out all the different bills there, I had some money left.

Mr. HALLEY. The next question is one you may well not want to answer, but as far as I can see you never paid any tax on your capital gain in the Blue Scratch Sheet deal. Was there a capital gain?

Mr. SERRITELLA. Whatever there was, there was something that Bernstein handled for me, there were income-tax people there that we straightened out, you see.

Mr. HALLEY. You mean you had to go in there and make a settlement with them?

Mr. SERRITELLA. There was a fellow from the Government there. He talked to me and then I referred him to Bernstein. It took a little while, you see.

Mr. HALLEY. How long had Bernstein been your lawyer?

Mr. SERRITELLA. Just on that matter, that is all.

Mr. HALLEY. Who referred Bernstein to you?

Mr. SERRITELLA. I have known Gene for a long time. I know him myself.

Mr. HALLEY. Did he do any work for the Blue Scratch Sheet?

Mr. SERRITELLA. No; only what I asked him to take care of.

Mr. HALLEY. Before you went into the Blue Scratch Sheet, what was your last occupation before that?

Mr. SERRITELLA. I had the Green Scratch Sheet, the National Daily Sports News.

The CHAIRMAN. Before he gets to the Green Scratch Sheet, I don't understand this. Farrell brought a suit against you alleging that Guzik and Levin and others were actually the people that you represented, and then you sold out to him for \$50,000. What happened to the suit?

Mr. SERRITELLA. The suit was dismissed.

The CHAIRMAN. When you sold out?

Mr. SERRITELLA. That is right.

The CHAIRMAN. In the meantime Mr. Ragen had started his scratch sheet, a green scratch sheet, which was in competition with yours. Did he put Mr. Farrell out of business then? Did Mr. Farrell go out of business?

Mr. SERRITELLA. I don't know what would happen after that, but I know that Farrell at the courtroom there, we went over to the Title Trust and he bought me out, and he went up there to put a check there.

The CHAIRMAN. What I mean is, did he go out of business then? Did Ragen—

Mr. SERRITELLA. He must have sold out after that.

The CHAIRMAN. You think he sold out to Ragen?

Mr. SERRITELLA. I think so.

The CHAIRMAN. Is that the situation? I just want to get it straight. Do you know?

Mr. GARRETT. No; I am not sure.

Mr. HALLEY. Off the record.

(Off the record.)

Mr. HALLEY. On this lawsuit Farrell claimed that you were in effect being backed by Guzik and Murray Humphreys and Hymie Levin, didn't he?

Mr. SERRITELLA. State that question again.

Mr. HALLEY. In the lawsuit Farrell was complaining that you were being backed by Guzik, Hymie Levin, and Humphreys and Phil Katz, those four?

Mr. SERRITELLA. That is what he had in the bill.

Mr. HALLEY. Those four were also running R. & H., isn't that right?

Mr. SERRITELLA. The only thing I know is what I read in the paper.

Mr. HALLEY. Now, Mr. Serritella, please. You were a very close friend of Mr. Guzik's and you know that. Weren't they the people who had the R. & H. service?

Mr. SERRITELLA. I wouldn't know that. I mean, I can't swear to——

Mr. GARRETT. Where did your Blue Scratch Sheet get its service? Didn't it get it from R. & H.?

Mr. SERRITELLA. No. I got my service direct from the Illinois.

Mr. GARRETT. Continental? Midwest?

Mr. SERRITELLA. No, Farrell. Farrell had the Illinois. I was getting it from Farrell.

Mr. HALLEY. From the Midwest News Service?

Mr. SERRITELLA. Yes.

Mr. GARRETT. You are pretty sure it is Midwest?

Mr. SERRITELLA. The Midwest. I also had the Trans-Radio. I was paying the Trans-Radio.

Mr. HALLEY. Who had Trans-Radio?

Mr. SERRITELLA. James M. Ragen, Jr.

Mr. HALLEY. James Ragen, Jr. Then R. & H. was in competition, is that right?

Mr. SERRITELLA. I never had no dealings with them.

Mr. HALLEY. You heard that, didn't you?

Mr. SERRITELLA. Yes, but I had no dealings. You asked me if I had any dealings.

Mr. HALLEY. Didn't Ragen claim that R. & H. was coming out in competition?

Mr. SERRITELLA. I went out of business then.

Mr. HALLEY. After you went out of business.

Mr. SERRITELLA. After I went out of business I had nothing to do with it.

Mr. HALLEY. In your conversations with Ragen didn't he complain that the R. & H. bunch were fighting him?

Mr. SERRITELLA. That came later. You see, I was out of the business then.

Mr. HALLEY. I understand it came later, but isn't that what he claimed to you?

Mr. SERRITELLA. He claimed before, if you follow me right, that they had some customers that he wanted. He said to me in plain words, this is——

Mr. HALLEY. That who had some customers?

Mr. SERRITELLA. Ragen said to me that Hymie Levin had some customers.

Mr. HALLEY. Hymie Levin and Guzik, is that right?

Mr. SERRITELLA. Just Hymie Levin. He said he had some customers there, that he wanted to buy him out.

Mr. HALLEY. That who wanted to buy whom out?

Mr. SERRITELLA. That Ragen did. So he and Hymie couldn't come to any agreement on the price, you see. He said to me, "This whole thing would clear up if Hymie would turn over all his customers to me. If he would sell out to me. I will buy him out and the thing will be over and we will go on."

I said, "Here is Hymie Levin, a cripple. I can't tell him what to do. I can talk to him and ask him to talk to you."

He said, "He had better sell out because I am questioned by Edgar Hoover and different people, and they are asking me—there are two services. Levin has some customers and we have. It doesn't look good."

He said, "I have to have the whole thing."

Mr. HALLEY. How long after that did he come to you and tell you he was afraid for his life?

Mr. SERRITELLA. The only time he came to me was—he told me he was coming out of his home one morning and he saw a car, and he said the car chased him. He went to the police station. He told me that whole story, you see.

Mr. HALLEY. Just what did he tell you?

Mr. SERRITELLA. He said the car chased him, and he went to the station near his home there, and he went into the station and he talked to the police captain there and everybody else. He came down. He said he was going to have some protection.

I said he should. He said, "They chased me."

Mr. HALLEY. Is that when he showed you this affidavit?

Mr. SERRITELLA. He showed me that before, I think.

Mr. HALLEY. He showed you that before. Even when he showed you the affidavit he was afraid something might happen to him?

Mr. SERRITELLA. That is what he was talking about.

Mr. WHITE. Why did he come to you with this story?

Mr. SERRITELLA. He and I were very close.

Mr. WHITE. He had just run you out of business, had he not?

Mr. SERRITELLA. He said to me, "I am sorry, Dan, that you have to be the goat here. I am sorry because——"

Mr. WHITE. He came to you and asked you if you wouldn't go to these people and get them to stay away from him. Isn't that it?

Mr. SERRITELLA. No; he never said that to me. No; he never.

Mr. HALLEY. You in effect were close to Levin and Guzik, weren't you?

Mr. SERRITELLA. Well, you know that Hymie is a cripple. The man can't even talk.

Mr. HALLEY. Guzik isn't a cripple and wasn't then, and you were the one man who could talk to both Guzik and Ragen.

Mr. SERRITELLA. Guzik had a heart attack and was in the hospital for a long time. He was in the hospital for a while I think in Miami.

Mr. HALLEY. He could talk. Of course you knew Murray Humphreys.

Mr. SERRITELLA. Yes; I know him, but I haven't seen the man. I haven't seen the man in a long time.

Mr. HALLEY. No; but you knew him pretty well in 1946.

Mr. SERRITELLA. I have known the man for a long time. I live there at Twenty-second Street and Prairie.

Mr. HALLEY. Getting on, what other businesses did you have while you were running this Blue scratch sheet between 1943 and 1946?

Mr. SERRITELLA. I was in the insurance business with a cousin of mine who passed away, Alderman Pacelli.

Mr. HALLEY. What is the name of the business?

Mr. SERRITELLA. Baliss & Pacelli.

Mr. HALLEY. Did you have income from that?

Mr. SERRITELLA. Yes.

Mr. HALLEY. What other business did you have?

Mr. SERRITELLA. That is all.

Mr. HALLEY. Were you in business with Guzik?

Mr. SERRITELLA. The only thing was I borrowed some money from him to get in business in the scratch sheet. I had a chance to go in business and I needed some money to go in there, and he said, "Sure, I will help you out."

Mr. HALLEY. Didn't you show some income from Serritella & Guzik?

Mr. SERRITELLA. Yes, I did.

Mr. HALLEY. What was Serritella & Guzik, the partnership?

Mr. SERRITELLA. The income-tax thing speaks for itself.

Mr. HALLEY. No, you speak for yourself. You are here now.

The CHAIRMAN. What was the partnership, Serritella & Guzik? It wasn't any little thing. It was a pretty big thing. What was that partnership?

Mr. SERRITELLA. Pretty big thing?

The CHAIRMAN. What was the business of Serritella & Guzik?

Mr. SERRITELLA. He borrowed me the money and I said to him that he and I—I would be glad to pay him some interest. He said "No." I said, "All right, whatever we make we will make some money together." That is all.

The CHAIRMAN. Split 50-50?

Mr. SERRITELLA. About that, something like that. I forget now.

Mr. HALLEY. What did you make on the scratch sheet in 1945? Did you make as much as \$20,000?

Mr. SERRITELLA. I think I have something in my pocket here—

Mr. HALLEY. Let's see it.

Mr. SERRITELLA. It might have been something like that. We made something—

Mr. HALLEY. What did you think you had in your pocket? What kinds of notes did you bring with you? Did you make any notes before you came here?

Mr. SERRITELLA. No. I just wanted to remember about this 1945 and 1946.

Mr. HALLEY. Did you make notes about 1945 and 1946?

Mr. SERRITELLA. No. I think I gave some papers to Mr. Robinson. I think I gave him some returns. Didn't I?

Mr. HALLEY. In your return you showed a partnership, Serritella & Guzik. Is that how you handled whatever money you got from the scratch sheet?

Mr. SERRITELLA. Whatever is in that paper is the way.

Mr. HALLEY. Doesn't it really come out, then, that Farrell was right in his lawsuit, that Guzik was your partner in there?

Mr. SERRITELLA. Well, I don't know who his partners were.

Mr. HALLEY. That is not the question.

The CHAIRMAN. We are talking about your partners.

Mr. SERRITELLA. The paper——

Mr. HALLEY. The paper speaks for itself. Farrell was right.

Mr. SERRITELLA. That is right.

The CHAIRMAN. And you and Guzik made about \$20,000 in 1945 out of the partnership and divided it half and half.

Mr. SERRITELLA. And we paid the tax.

Mr. HALLEY. Guzik also in 1945 gave you \$8,700. What was that for? You reported it as income from J. Guzik.

Mr. SERRITELLA. I think that is something that we needed for the payroll or something.

Mr. HALLEY. That would be a loan. You reported personal income to you based on \$8,700 from Guzik.

Mr. SERRITELLA. I would have to see that.

Mr. HALLEY. Just the bare figure, J. Guzik.

Mr. SERRITELLA. I know it is a bare figure, but it is away back and it is hard for me to remember a lot of things.

The CHAIRMAN. What could that have been?

Mr. SERRITELLA. It might have been whatever profit I had made there, whatever the scratch sheet made.

Mr. HALLEY. Before that, we will just keep going on your work and go over it all again. Before the Blue scratch sheet, had you had the Green scratch sheet?

Mr. SERRITELLA. That is right.

Mr. HALLEY. For the National Daily Sports News?

Mr. SERRITELLA. That is right.

Mr. HALLEY. Did you own that?

Mr. SERRITELLA. That is right.

Mr. HALLEY. Who was the boss of that besides yourself?

Mr. SERRITELLA. I owned that by myself.

Mr. HALLEY. Did Guzik lend you any money for that?

Mr. SERRITELLA. I don't think he was here at the time.

Mr. HALLEY. What were the years in which you had the Green scratch sheet?

Mr. SERRITELLA. I think it was in 1934 or 1935, something like that.

Mr. HALLEY. You were in the business all by yourself. When were you a senator?

Mr. SERRITELLA. I was elected in 1930.

Mr. HALLEY. How long did you serve?

Mr. SERRITELLA. Three terms, 12 years.

Mr. HALLEY. Until 1942?

Mr. SERRITELLA. Yes.

Mr. HALLEY. From what district?

Mr. SERRITELLA. The first district. You are right in the district here now.

MR. HALLEY. Does this district count with the river wards?

MR. SERRITELLA. No, this district comprises from Walker Drive to Thirty-third Street and from the river to the lake.

MR. HALLEY. What are your politics?

MR. SERRITELLA. What?

MR. HALLEY. What were you elected as, Democrat or Republican?

MR. SERRITELLA. Republican.

MR. HALLEY. When you stepped out of the legislature you went right into the scratch-sheet business with Guzik, is that right?

THE CHAIRMAN. No, he was in it before.

MR. HALLEY. No, you were in the legislature up to 1942, and in 1943 you went into the Blue Scratch Sheet as Guzik's partner, with Guzik as your undisclosed partner, isn't that right?

MR. SERRITELLA. The paper speaks for itself.

MR. HALLEY. You answer for yourself, please. You are under oath.

MR. SERRITELLA. That is right. I was out of the senate in 1942.

MR. HALLEY. Then the next year you and Guzik formed a secret partnership and you went—is that right? He gave you money to go into the scratch sheet?

MR. SERRITELLA. Yes.

THE CHAIRMAN. Was Levin also in this partnership?

MR. SERRITELLA. No.

THE CHAIRMAN. Or Humphreys?

MR. SERRITELLA. No.

THE CHAIRMAN. Did they advance any money?

MR. SERRITELLA. No.

MR. GARRETT. Did you know during the early forties about what the going price for wire service was per bookie? They paid about \$40 a week apiece, didn't they?

MR. SERRITELLA. A lot of them were paying that.

MR. GARRETT. That was the regular rate?

MR. SERRITELLA. It all depends. You see, some would have a larger book or something like that. I never had nothing to do with the service.

MR. GARRETT. You do know it ran around \$40.

MR. SERRITELLA. Something like that, \$40 or \$50.

MR. GARRETT. You have heard, I suppose, that a certain group of books here are more or less run by the same people in association?

MR. SERRITELLA. I wouldn't know that.

MR. GARRETT. Have you ever heard that the R. & H. Publishing Co. books were more or less owned by someone?

MR. SERRITELLA. I don't think the R. & H. was in business when I had the scratch sheet.

MR. GARRETT. In 1945 and '46?

MR. HALLEY. Sure it was.

MR. SERRITELLA. I thought they went in business after 1945 or '46, something like that, when I got out.

MR. GARRETT. Maybe they weren't known as the R. & H. at that time but didn't somebody buy wire service in one lump payment for about 90 books in Chicago?

MR. SERRITELLA. You see, I had nothing to do with the wire service.

MR. GARRETT. You knew how they paid?

MR. SERRITELLA. No.

Mr. GARRETT. You just told me how much they generally pay around town, so you know something about it.

Mr. SERRITELLA. Like you said, the only thing I know I got some relatives that are booking and that is the price they pay.

Mr. GARRETT. You have relatives who making book?

Mr. SERRITELLA. That have books; yes. Sure; they are newsboys.

Mr. GARRETT. They have wire service?

Mr. SERRITELLA. A lot of these news kids, who were newsboys, gave up their newsstand and they figured there was more money and they were bookmakers.

Mr. GARRETT. How did they get into the bookmaking business? They just decide to be a bookie just like that?

Mr. SERRITELLA. They decided to go into business.

The CHAIRMAN. You say you have relatives in the bookmaking business. Who are your relatives in the bookmaking business?

Mr. SERRITELLA. There are some of my friends.

The CHAIRMAN. You said relatives a minute ago.

Mr. SERRITELLA. They are out of business now.

The CHAIRMAN. Were they in the bookmaking business back in 1942 or '43?

Mr. SERRITELLA. No. They have been out of it way before that.

Mr. GARRETT. When these friends of yours wanted to go into the bookmaking business, did they ever come to you and ask you, "Can you help us make arrangements to go into business?"

Mr. SERRITELLA. No. Most of the fellows go by themselves. They would go in there and get their own service.

Mr. GARRETT. You didn't help them get wire service?

Mr. SERRITELLA. No.

Mr. GARRETT. Did you help them get clearance to open their book?

Mr. SERRITELLA. No.

Mr. GARRETT. It is a fact, isn't it, that just anybody can't go into the bookmaking business in Chicago? You have to be somebody or be tied in some way with somebody? Isn't that correct?

Mr. SERRITELLA. I wouldn't know that. I think anybody who wants to go in there could get in there.

Mr. GARRETT. You mean if I went out——

Mr. SERRITELLA. As long as you pay your service and you pay off your bets, you are in business.

Mr. GARRETT. Who else do you pay besides the service and the bets?

Mr. SERRITELLA. I don't know because I never was in the business.

Mr. GARRETT. You have had relatives and friends in the book-making business, you say. From your knowledge gained from them don't you know that most bookies have partners who don't do any work?

Mr. SERRITELLA. I never went into detail with them if they had.

Mr. GARRETT. I don't want details. Generally, isn't that so?

Mr. SERRITELLA. I wouldn't know.

Mr. GARRETT. What do you think?

Mr. SERRITELLA. I think that it is up to the individual. It is up to him. If somebody could bring him some business, they will do business with anybody. I remember when I was a newskid, if I could get some bets years ago they would give me a percentage on it. When I was a boy.

Mr. GARRETT. Hasn't Guzik been a partner of a good number of bookies around town?

Mr. SERRITELLA. I wouldn't know.

Mr. GARRETT. Do you know anything about Tony Accardo? Do you know him?

Mr. SERRITELLA. I just know him. I haven't seen the man in 8 or 9 years.

Mr. GARRETT. What did he and Guzik do together?

Mr. SERRITELLA. I wouldn't know.

Mr. HALLEY. You made arrangements to try to get Ragen to see Accardo, didn't you? To talk to Accardo?

Mr. SERRITELLA. No.

Mr. HALLEY. Didn't you actually rent a hotel room in which they could meet?

Mr. SERRITELLA. No.

Mr. HALLEY. Didn't you ever talk to Ragen about Accardo?

Mr. SERRITELLA. Never.

Mr. HALLEY. At no time? How long have you known Accardo?

Mr. SERRITELLA. I knew him when he was a young fellow, when he was a boy. We were all born and raised together. I have been in politics and I know a lot of people.

Mr. HALLEY. How long have you known Harry Russell?

Mr. SERRITELLA. I knew Russell away back when he had a cigar store on Wabash Avenue. I think it was just north of Lake Street.

Mr. HALLEY. With a book in the back?

Mr. SERRITELLA. A cigar store.

Mr. HALLEY. And a horse book in the back?

Mr. SERRITELLA. I used to have the newsstand at Randolph and Wabash at the elevator.

Mr. HALLEY. He had a horse book in the back of the cigar store; didn't he?

Mr. SERRITELLA. As far as I know, I think he did.

Mr. HALLEY. Then later you knew him when he was in business with Tony Accardo; didn't you?

Mr. SERRITELLA. No, no.

Mr. HALLEY. You are the only one in Chicago who didn't.

Mr. SERRITELLA. I never saw the fellow until one time I met him when he had Russell's Bar.

Mr. HALLEY. Did you know Imburgio?

Mr. SERRITELLA. Yes.

Mr. HALLEY. You know Russell and Imburgio were in partnership?

Mr. SERRITELLA. I didn't know that. Imburgio and I were together in the Italian Village way back in 1934.

Mr. HALLEY. What Italian Village is that?

The CHAIRMAN. That is Lawrence Imburgio; isn't it?

Mr. SERRITELLA. No, no; a lawyer.

Mr. HALLEY. What Italian Village is that?

Mr. SERRITELLA. At the World's Fair.

Mr. HALLEY. Here in Chicago?

Mr. SERRITELLA. That is right.

Mr. HALLEY. Who is Jerry Sullivan?

Mr. SERRITELLA. I think I talked to Robinson about that. And he is a fellow from New York. Isn't that right, Mr. Robinson?

Mr. HALLEY. Tell us about him now.

Mr. SERRITELLA. The only thing was this fellow Sullivan came to Chicago and he wanted to meet Ragen. So Ragen said to me, he said, now—

Mr. HALLEY. How did you get Sullivan?

Mr. SERRITELLA. Through Ragen.

Mr. HALLEY. You said he wanted to meet Ragen?

Mr. SERRITELLA. Yes; but Ragen didn't want—Ragen said he would come up to the office. I happened to walk in that day, so Jim said to me, he said, "Dan, there is a fellow from New York——"

Mr. HALLEY. Where did you happen to walk in? To Ragen's office?

Mr. SERRITELLA. That is right. He and I were friendly. I used to go to see him every day.

Mr. HALLEY. Go ahead with the story. So Ragen asked you to see Sullivan?

Mr. SERRITELLA. He said, "You had better talk to this fellow." He said this fellow—he was working for Annenberg at the time. Annenberg owned the General News Bureau at that time. He wanted to go in competition against the General News Bureau. He said to me, "Dan you had better tell this fellow he will lose his shirt in that business because he doesn't understand it and it is a tough business."

He said, "If he wants to go in, he can go in but he is going to lose a lot of money."

Mr. HALLEY. He wanted to go in at Pittsburgh; isn't that right?

Mr. SERRITELLA. I think in Jersey. I think he wanted to go in Jersey.

Mr. HALLEY. Who was backing him?

Mr. SERRITELLA. I wouldn't know.

Mr. HALLEY. There were certain efforts at that time of the Capone organization to get into the wire service; weren't there?

Mr. SERRITELLA. No. He came here himself and I talked to the fellow. I said to him, the only thing I know is what—this is a tough business. The General News Bureau services the Associated Press and they furnish a lot of news. You wouldn't be able to get the news. It costs a lot of money to get the news. You would lose a lot of money.

Mr. HALLEY. Did you know Owney Madden?

Mr. SERRITELLA. No.

Mr. HALLEY. Do you know that Jerry Sullivan was connected with Owney Madden?

Mr. SERRITELLA. He didn't say.

Mr. HALLEY. You heard that; didn't you?

Mr. SERRITELLA. I never heard that.

Mr. HALLEY. Ragen told you that; didn't he?

Mr. SERRITELLA. Yes. He said to me, convince this fellow not to go in there. So I saw the fellow afterward, and he said that I gave him good advice to stay out of the business, that he made an attempt and lost a lot of money.

Mr. HALLEY. That was in 1934; is that right?

Mr. SERRITELLA. Yes; in that vicinity.

Mr. HALLEY. That is just the year you went into the Green Scratch Sheet; is that correct?

Mr. SERRITELLA. About that; yes.

Mr. HALLEY. Did you happen to go into the Green Scratch Sheet in 1934?

Mr. SERRITELLA. I happened to go into the Green Scratch Sheet originally with the Flanagans, who have the Red Scratch Sheet.

Mr. HALLEY. When was that?

Mr. SERRITELLA. That was in 1927.

Mr. HALLEY. 1927.

Mr. SERRITELLA. There were two Jewish fellows, I am trying to think of their names now, who came in from New York, and I was president of the newsboys' union and Flanagan was the business agent. So they came in and talked to me about distributing a new scratch sheet to be brought into the Chicago area. I said to them I had a business of my own at that time, I had some newsstands, so I said I couldn't handle it. I said, "I think I can get a fellow to handle it for you." So I got a fellow who used to work with the Journal by the Name of Holbrook to handle it for him. So Holbrook handled it for him, and the Flanagans said to me—he said: "That is good business. We had better get into that business ourselves."

I said, "Well," I said, "at this time I haven't very much money. I just got married. I have a child. I don't want to get into the business just now."

Mr. HALLEY. You were a member of the State legislature; is that right?

Mr. SERRITELLA. The State senate.

Mr. HALLEY. At that time?

Mr. SERRITELLA. No; that was before.

Mr. HALLEY. In 1934 you were?

Mr. SERRITELLA. In 1930 I was.

Mr. HALLEY. You are talking about 1927?

Mr. SERRITELLA. That is right.

Mr. HALLEY. I see. Did you actually get into the scratch sheet in 1927 or did you not?

Mr. SERRITELLA. With the Flanagans; yes.

Mr. HALLEY. What was the name of that scratch sheet?

Mr. SERRITELLA. The Red Scratch Sheet, Turf Bulletin.

Mr. HALLEY. How long were you in that with Flanagan?

Mr. SERRITELLA. I was in that not even 3 months, and they started a big row and I said—I had put in a few hundred dollars—I said, "Give me my money back and I don't want to have anything to do with you." They slugged these two fellows from New York and sent them back.

Mr. HALLEY. Who are the two fellows they slugged?

Mr. SERRITELLA. I am trying to think of their names now.

Mr. HALLEY. Were they partners in the business?

Mr. SERRITELLA. They came in to start a scratch sheet, Senator.

Mr. HALLEY. Did you know a fellow named Tom Ryan, from New York?

Mr. SERRITELLA. Yes; he used to work for the Herald-American and then he worked for Ragen. So Annenberg at the time he said to me, "Dan, don't fool around with them Flanagans. Get out of it and have nothing to do with them because you will get in trouble."

Mr. HALLEY. Between 1927 and 1934 you had no scratch-sheet business?

Mr. SERRITELLA. Yes; but I told the Flanagans that someday I would go into that business. You see, I didn't want to have any trouble with the Flanagans. At that time I had a child—

The CHAIRMAN. That is all right, Mr. Serritella.

Mr. HALLEY. Between 1927 and 1934 did you have any scratch sheet?

Mr. SERRITELLA. No.

Mr. HALLEY. What businesses were you in between 1927 and 1934?

Mr. SERRITELLA. I was a member of Thompson's cabinet in 1927. I was a city sealer.

Mr. HALLEY. You were city sealer under Thompson?

Mr. SERRITELLA. That is right.

Mr. HALLEY. Until when?

Mr. SERRITELLA. Until his term expired, 4 years.

Mr. HALLEY. That was in 1931?

Mr. SERRITELLA. Something like that.

Mr. HALLEY. In 1930 you were elected to the legislature?

Mr. SERRITELLA. That is right.

Mr. HALLEY. Did you hold both jobs?

Mr. SERRITELLA. Well, I docked myself from—while I was in Springfield I didn't get paid from the city.

Mr. HALLEY. But you did have both jobs for a period?

Mr. SERRITELLA. Yes; that is right. I was committeeman. I was committeeman from 1927.

Mr. HALLEY. Did you have any business other than political activities?

Mr. SERRITELLA. That is right.

Mr. HALLEY. Did your newsstand sell scratch sheets?

Mr. SERRITELLA. The first scratch sheet, I just told you the first scratch sheet was the red scratch sheet.

Mr. HALLEY. Did they sell other people's scratch sheet?

Mr. SERRITELLA. That was the first scratch sheet that ever hit Chicago.

Mr. HALLEY. I see. Did you ever have a book of your own?

Mr. SERRITELLA. No.

Mr. HALLEY. Did any of your newsstands ever run a book?

Mr. SERRITELLA. No.

Mr. HALLEY. At no time?

Mr. SERRITELLA. No.

The CHAIRMAN. Did you lease out concessions at your newsstands for book operations?

Mr. SERRITELLA. No, no. I was in the elevators. I had the Randolph and Wabash el and I had Kedzie Avenue at Lawrence on the Ravenswood. I had that el station at the corner of Lawrence and Kedzie. I was a newsboy from when I was 7 years old.

Mr. HALLEY. In 1934 how did you happen to go back into the scratch business? What were the circumstances?

Mr. SERRITELLA. The circumstances were that my party was out; the Democrats—Cermack was elected mayor, and I had to do something. So I went into the scratch-sheet business.

Mr. HALLEY. Did you clear it with anybody to make sure that you wouldn't have trouble?

Mr. SERRITELLA. I didn't clear. The only competition at that time was the Flanagans. I had a lawsuit. I went before McDonnell—I think it was before McDonnell. Judge Sullivan heard the case. The Flanagans sued me for infringement and copyright.

Mr. HALLEY. Why did you go out of business in 1935?

Mr. SERRITELLA. I got sick.

Mr. HALLEY. You became sick in 1935?

Mr. SERRITELLA. 1935 or 1936, I became sick.

Mr. HALLEY. But you stayed in the State senate.

Mr. SERRITELLA. Yes.

Mr. HALLEY. Did you have no other business in 1935?

Mr. SERRITELLA. No.

Mr. HALLEY. As I understand it, you went out of business again in 1946 and you haven't had any business since then at all.

Mr. SERRITELLA. I was sick. I was sick for almost 2 or 3 years and had no ambition; you know, you get sick you don't care if school keeps or not.

Mr. HALLEY. Where do you live?

Mr. SERRITELLA. 2127 Prairie.

Mr. HALLEY. Do you own any real estate?

Mr. SERRITELLA. No.

Mr. HALLEY. Do you have a summer home?

Mr. SERRITELLA. No.

Mr. HALLEY. When were you last in Florida?

Mr. SERRITELLA. I don't even have an automobile. I take a street-car.

Mr. HALLEY. Do you ever go to Florida?

Mr. SERRITELLA. No.

Mr. HALLEY. You have never gone there?

Mr. SERRITELLA. Yes. The last time I was in Florida I think was when I got sick the first time. I went to Sacred Heart; so from Sacred Heart my doctor advised me to go to Florida.

Mr. GARRETT. I want to read one thing that Mr. Ragen said to see if it refreshes your recollection. Mr. Ragen said: "Dan told me he talked to Humphreys—" about the affidavit that he prepared. You remember the 98-page affidavit.

Mr. SERRITELLA. He told me to tell him. I said I am no errand boy. He told me to tell Humphreys and I said you go and tell him yourself. I said I am no messenger boy.

Mr. GARRETT. Ragen said that the extortion trial in New York caused a great deal of disruption in the scratch-sheet business. Do you know anything about that? Do you remember the extortion trial when Nitti shot himself and Campagna—

Mr. SERRITELLA. That was no scratch sheet.

Mr. GARRETT. But did that trial and those people going away have any effect on the scratch-sheet business?

Mr. SERRITELLA. I don't think so.

Mr. GARRETT. You can't remember anything like that?

Mr. SERRITELLA. No.

Mr. WHITE. If Ragen had taken your advice he wouldn't have been shot, would he?

Mr. SERRITELLA. Here is what I tried to do with him, Mr. White.

Mr. WHITE. Isn't that a fair statement? If he had followed your statement he wouldn't have been shot.

Mr. SERRITELLA. Here is the thing: I knew the man was sick. His brother died. I said to him, "Jim," I said, "you are a sick fellow."

I could see he was in a state of a breakdown. I said to him, "Why don't you go to a doctor?" I said, "You ought to go away to a sanitarium like I did."

I said, "Jim, I know this stuff will kill anybody. Nerves are a very delicate thing."

So he said to me, "All right," and I talked to his son. I called his son up and I said to him, "Junior, your father is very jittery." I said, "He is sick and I think he ought to go away."

He said, "Dan, you and Tom Kelly are the only fellows who can talk to him. See what you can do."

I said, "You are his son. You ought to help us to try to get him to go to a sanitarium."

Mr. WHITE. In other words, get out of business and take a rest?

Mr. SERRITELLA. No; not out of business. I wanted him to take care of his health.

Mr. WHITE. He couldn't run his business from a sanitarium, could he?

Mr. SERRITELLA. Listen, Mr. White, nobody could put him out of business because the man was doing business and I said that to a lot of people. He had the good will—was circulation manager for many, many years. He was selling news to every newspaper in the United States. How could you put him out of business? That is silly.

Mr. HALLEY. Who is Tom Ryan?

Mr. SERRITELLA. Tom Ryan worked for Ragen. He worked with Ragen at the Chicago Herald-Examiner.

Mr. HALLEY. Didn't Ryan once start a news service in competition?

Mr. SERRITELLA. Ryan had some trouble. He worked for Ragen and I think at that time he had some collections of money that belonged to his company that he ran away with.

Mr. HALLEY. Ryan came from New York, didn't he?

Mr. SERRITELLA. I am talking about Tom Ryan.

Mr. HALLEY. Didn't he come from New York?

Mr. SERRITELLA. No. He went to New York. That was his territory.

Mr. HALLEY. What was he doing in New York?

Mr. SERRITELLA. He was representing Ragen there.

Mr. HALLEY. Selling wire service?

Mr. SERRITELLA. Yes.

Mr. HALLEY. Didn't Ryan make a deal with Frank Costello?

Mr. SERRITELLA. I wouldn't know nothing about that.

Mr. HALLEY. Didn't you tell that to Ragen?

Mr. SERRITELLA. Ragen knew all that himself.

Mr. HALLEY. Didn't you tell Ragen that Costello was in with Ryan—

Mr. SERRITELLA. No.

Mr. HALLEY. And that Ragen might as well throw the sponge in because Costello had too much money for him?

Mr. SERRITELLA. No.

Mr. HALLEY. Do you remember mentioning the King's Ransom Scotch to Ragen that Costello controls?

Mr. SERRITELLA. I never said anything like that to Ryan.

Mr. HALLEY. Ryan and Ragen got into quite a dispute, didn't they?

Mr. SERRITELLA. He ran away with a lot of his money, the company's money.

Mr. HALLEY. He also was competing with him, wasn't he?

Mr. SERRITELLA. That is what he was giving them a lot of trouble about.

Mr. HALLEY. Starting a competing service.

Mr. SERRITELLA. That is right, with Ragen's money, with the company's money.

Mr. HALLEY. Who was backing Ryan?

Mr. SERRITELLA. I wouldn't know. He was in New York.

Mr. HALLEY. Didn't you tell Ragen you thought it was Costello?

Mr. SERRITELLA. Ragen himself had people down there. He knew more about it than I did. I didn't know anything about his business.

Mr. HALLEY. Didn't Ragen tell you he thought it was Costello?

Mr. SERRITELLA. The only thing Ragen said to me was "Dan, imagine a fellow like Ryan. You remember when I gave him a job as a driver at the Examiner." He said, "I made a division man out of him. I gave him a good job. Annenberg wanted to fire him. I fronted for the fellow."

The CHAIRMAN. The question, Senator, is who was backing Mr. Ryan.

Mr. SERRITELLA. I wouldn't know.

The CHAIRMAN. Who put up the money for him?

Mr. SERRITELLA. I wouldn't know.

The CHAIRMAN. What information did you have about it?

Mr. SERRITELLA. Ragen is the fellow who had all the information.

The CHAIRMAN. What did Ragen tell you about who was backing him? Costello, Guzik?

Mr. SERRITELLA. Ragen said he was using the money he stole from the company.

The CHAIRMAN. But who did he say was backing him, what person?

Mr. SERRITELLA. He never told me who was backing him.

The CHAIRMAN. All right.

Mr. ROBINSON. Let us see if we can clarify some of this, Dan. We went over this, you remember.

Mr. SERRITELLA. Yes.

Mr. ROBINSON. I read to you quite a bit from Ragen's statement.

Mr. SERRITELLA. That is right.

Mr. ROBINSON. I think you said you read Ragen's statement at one time.

Mr. SERRITELLA. Yes, that is right.

Mr. ROBINSON. You also mentioned what you have mentioned here, that you knew Ragen very well, he was a godfather of one of your children.

Mr. SERRITELLA. My 26-year-old boy, yes.

Mr. ROBINSON. And you used to see him daily and talk to him.

Mr. SERRITELLA. Sure, a lot of times if I wouldn't come there he would call my home. He wanted me to be with him all the time. I was with Ragen when Ragen had a little boy named Matt who died.

Mr. ROBINSON. You told me all about that.

Mr. SERRITELLA. We were very, very close.

Mr. ROBINSON. You were from the Loop, weren't you? The representative from the Loop?

Mr. SERRITELLA. Yes.

Mr. ROBINSON. In your campaigns, Dan, did you get support from Jack Guzik? He was a friend of yours, and he helped you out in your campaigns.

Mr. SERRITERA. Yes. He got votes for me.

Mr. ROBINSON. Then did you have a little difficulty with him at one time and failed to get his support and you lost out in the Senate. Is that right?

Mr. SERRITELLA. Here is what happened, Mr. Robinson. I told you that I was in a sanitarium at the time of the election. There was a fellow—they call themselves the businessmen's committee, Republican Businessmen's Committee. Pope and those fellows had a fellow running. I got sick, and all during the campaign I was in the sanitarium sick and never made a meeting.

At that time I didn't care. My mother and father and everybody else said "Get out of politics."

Mr. ROBINSON. By a fairly close vote you lost out?

Mr. SERRITELLA. Yes; I wasn't there. A couple of hundred votes.

Mr. ROBINSON. Jack didn't support you; did he?

Mr. SERRITELLA. You see, Ragen was so sincere. You see, he was my friend and he wanted to see me win. He was around. He figured; he said to me: "I want to see you win because this is good medicine for you. It will help you out." He went out and he came back and said to me: "I don't think Guzik is with you."

Mr. ROBINSON. He went to Guzik—didn't he—to try to get Guzik to support you?

Mr. SERRITELLA. Yes.

Mr. ROBINSON. He told you about that?

Mr. SERRITELLA. Yes; he told me that in the hospital.

Mr. ROBINSON. That is what he said in his statement; is that right?

Mr. SERRITELLA. Yes; he told me in the hospital.

Mr. ROBINSON. See if you can't remember this, because I think we went over it quite carefully. Didn't you also mention the fact that perhaps he should talk to Jack Guzik? He was friendly with Jack Guzik, and you were all friends together. Perhaps Ragen should talk to Guzik or perhaps Humphreys.

Mr. SERRITELLA. Jack Guzik said he had nothing to do with Hymie Levin's business; he had nothing to do with it.

Mr. ROBINSON. Guzik was in the bookmaking business in the Loop; wasn't he?

Mr. SERRITELLA. He said he had nothing to do with Hymie Levin; that Hymie was a sick fellow, and it was up to Ragen and Hymie to straighten the thing out.

Mr. ROBINSON. Before that, who was running the Loop at that time? Who had the books in the Loop? You know and I know.

Mr. SERRITELLA. They all had some customers. Ragen had customers, and Hymie had customers.

Mr. ROBINSON. Yes, but Hymie had most of the Loop; didn't he? That is a known fact.

Mr. SERRITELLA. Yes.

Mr. ROBINSON. There is no confusion about that. Hymie had most of the Loop.

Mr. SERRITELLA. That is what Ragen wanted to buy out. He wanted him—he said, “Here, you have customers, and I want to buy them out. I don’t want it for nothing.”

Mr. ROBINSON. Didn’t Ragen tell you that he talked to Guzik and Humphreys up in a hotel room at one time about this whole problem?

Mr. SERRITELLA. They had nothing to do with it. They told him that was a matter he had to take up with Hymie.

Mr. ROBINSON. Who told that to Ragen?

Mr. SERRITELLA. That is what Ragen told me.

Mr. ROBINSON. How did that arrangement—

Mr. SERRITELLA. The only interest—

Mr. ROBINSON. Wait a minute, Dan.

Mr. SERRITELLA. Excuse me.

Mr. ROBINSON. We will get all confused.

Mr. SERRITELLA. Excuse me.

Mr. ROBINSON. Didn’t Ragen have some meeting with Guzik and Humphreys? I don’t know whether you arranged it. Did he tell you he had a meeting?

Mr. SERRITELLA. I never arranged it.

Mr. ROBINSON. No. Maybe you didn’t arrange it, but didn’t Ragen tell you he had talked to them at one time?

Mr. SERRITELLA. He said he didn’t get anywhere. He said to me: “Dan, this is for the good—you are in the scratch-sheet business. It is for the interests of the industry that Hymie gets out. That would clarify the whole city of Chicago and make it easier for the service.”

Mr. ROBINSON. Wasn’t Hymie trying to get some interest in the Midwest?

Mr. SERRITELLA. Hymie said he was willing to sell to Ragen, you see. I think they were quoting him some price that Ragen was going to buy them out.

Mr. ROBINSON. Was there some arrangement that Hymie would get out if they could get the wire service for a certain rate?

Mr. SERRITELLA. I think the arrangements were that they would give Hymie so much a week. He said Ragen said: “You are crippled and you need a nurse; you need this and that. I can’t give it to you all in cash, but I will pay you by the week.”

Mr. ROBINSON. Ragen was to pay Hymie?

Mr. SERRITELLA. Yes, to get out.

Mr. ROBINSON. To get out?

Mr. SERRITELLA. Yes.

Mr. ROBINSON. Was Hymie supposed to get service for his books?

Mr. SERRITELLA. He said he would get out if he would give him, you know, if they would come to the right price.

Mr. ROBINSON. What was Hymie going to get out of?

Mr. SERRITELLA. He was going to get out of serving the books, giving service.

Mr. ROBINSON. Were those books then going to get some special rate from Midwest?

Mr. SERRITELLA. They were going to turn over the customers of Midwest.

Mr. ROBINSON. Those books would get some special rate. That was to be the consideration that Ragen would give for it?

Mr. SERRITELLA. Yes.

Mr. ROBINSON. Why was Ragen worried about that?

Mr. SERRITELLA. He said the reason why he was worried about that was, he said, every time he talked to his lawyers Edgar Hoover would always say "It is a bad situation in Chicago," and you would have to get Hymie Levin out of business.

Mr. ROBINSON. Out of the wire service?

Mr. SERRITELLA. Out of the wire-service business. He said: "You can't have no hoodlums in the wire-service business." He said they would bring that up with his lawyers and they would bring it up to him.

Mr. ROBINSON. Wasn't there some talk at the time that Ragen was telling you this that was a part of the negotiations—they were negotiating and Ragen is telling you both—was that they would get out of the wire-service business if Ragen would arrange in some way so that they could get a percentage of Midwest business? Wasn't that discussed originally?

Mr. SERRITELLA. Hymie's customers would go to Midwest. It would be all under Midwest.

Mr. ROBINSON. Before they got down to that settlement, wasn't there some discussion that Levin and Guzik and these people would get a certain percentage of the income of Midwest? I am not saying they finally agreed on that, but didn't Ragen tell you that was part of the discussions?

Mr. SERRITELLA. No; he said at no time could he ever have anybody connected in the business with him. He said he couldn't. The only thing he would have to do would be to have to turn over the customers. He would give them a rate like; instead of \$50, he would probably give them a little less a week, and he would give them so much for the customers and that is all. He didn't want them in the business at all, he said, because the whole Continental Press was in jeopardy.

Mr. ROBINSON. Where were R. & H.—that is, Levin—where were they getting service from at that time?

Mr. SERRITELLA. At that time he was getting it from Ragen.

Mr. ROBINSON. You say "from Ragen." What company; do you know?

Mr. SERRITELLA. From Midwest.

Mr. ROBINSON. Weren't they stealing it from Midwest then?

Mr. SERRITELLA. Maybe after they started another wire; then they could.

Mr. ROBINSON. Wasn't that what Ragen was worried about: that they were really stealing it from Midwest; Weren't they? And Ragen wanted to make some sort of deal with them?

Mr. SERRITELLA. At the time Hymie told me he was paying Ragen \$750 a week for service.

Mr. ROBINSON. And he was paying it to Midwest.

Mr. SERRITELLA. Yes.

Mr. HALLEY. Wait a minute. Hymie told that to you?

Mr. SERRITELLA. Yes. He told me that while he was—you see, Hymie was a sick fellow and every time Ragen would go and talk to him the guy would get sicker. So Hymie—

Mr. HALLEY. Where would you see Hymie?

Mr. SERRITELLA. Up in his room.

Mr. HALLEY. At his home?

Mr. SERRITELLA. At his home across from the Syndicate. I have known Hymie for a long time. His people were in the automobile business on Eighteenth and State.

Mr. HALLEY. You would see Hymie quite often?

Mr. SERRITELLA. No. I would see him only—like if Ragen suggested, figuring I had some influence over Hymie, to talk to him and try to get him to see the light that it would be a good thing to get him out of the business, because it would help the industry. It would clarify it. He wouldn't have any more trouble with Washington. He said the FCC was asking him questions about it all the time; Edgar Hoover was asking questions. So, he said the best way for him was for him to go out. Hymie agreed. He said: "I will go out of it if he takes care of me." He said, "I am sick. I need money. If he gives me a good price, I will sell out to him."

Mr. ROBINSON. Dan, you know O'Hara—don't you?—Ralph O'Hara?

Mr. SERRITELLA. Yes; I know O'Hara.

Mr. ROBINSON. He was in some union work; wasn't he?

Mr. SERRITELLA. The Musicians Union.

Mr. ROBINSON. You met him through your union activities with the newsboys?

Mr. SERRITELLA. Yes. I knew Petrillo. Petrillo and I went to school together.

Mr. ROBINSON. Did you know Tom Molloy?

Mr. SERRITELLA. Yes.

Mr. ROBINSON. He was a union fellow, too?

Mr. SERRITELLA. He was with the movie operators.

Mr. ROBINSON. How did O'Hara get into Trans-American Co.?

Mr. SERRITELLA. I think he was out of work. I know the fellow lost his job when Molloy died.

Mr. ROBINSON. Did Tom Molloy help him get into that?

Mr. SERRITELLA. Tom was dead.

Mr. ROBINSON. He was dead at the time?

Mr. SERRITELLA. Yes.

Mr. ROBINSON. Did you help O'Hara get into it?

Mr. SERRITELLA. No.

Mr. ROBINSON. Who do you thing helped O'Hara get into that?

Mr. SERRITELLA. I wouldn't know.

Mr. ROBINSON. Do you think Levin or Guzik helped him out?

Mr. SERRITELLA. I wouldn't know.

Mr. ROBINSON. They were friends of his; weren't they?

Mr. SERRITELLA. I don't know. The only thing I know, once in a while I would see O'Hara around the Blackstone Hotel. That is the only time I would see him. I only talked a few words with him, because I was a friend of Petrillo's. I was with the newsboys' union's band with Petrillo. He knew I was a friend of Petrillo. When he got in Petrillo fired him.

Mr. ROBINSON. Don't you remember my asking you the other day about Ragen's statement and asking you whether it wasn't true that you told Ragen that the boys put O'Hara in Trans-American to give him a job?

Mr. SERRITELLA. No. I never discussed O'Hara with Ragen; never.

Mr. GARRETT. You say you used to "see O'Hara around the Blackstone"?

Mr. SERRITELLA. Just to say "Hello" to him. That is all.

Mr. GARRETT. Whose headquarters were around the Blackstone, room 318?

Mr. SERRITELLA. He said he lived there.

Mr. GARRETT. Who was also there with him when you would see him there?

Mr. SERRITELLA. I would see him in the lobby.

Mr. GARRETT. Would he ever be with Tony Accardo?

Mr. SERRITELLA. No.

Mr. GARRETT. Would he ever be with Guzik?

Mr. SERRITELLA. The only time I saw him, he would be sitting in the lobby talking to a fellow who is a police officer by the name of McFarland.

Mr. GARRETT. Did Guzik live at the Blackstone, too?

Mr. SERRITELLA. No.

Mr. HALLEY. May I make a suggestion? We would like you to come back tomorrow and answer some more questions. The committee will not be sitting tomorrow. Of course, the committee can just continue sitting indefinitely today. But, if you are willing to cooperate and if you will come in and answer some questions tomorrow, we would like to discontinue for today and make an appointment to see you tomorrow morning.

Mr. SERRITELLA. What time?

Mr. HALLEY. Say 9:30.

Mr. SERRITELLA. That is all right.

Mr. HALLEY. Come right to the offices.

Mr. SERRITELLA. You mean the office of Mr. Robinson?

Mr. ROBINSON. Where we talked the other day.

Mr. SERRITELLA. What is that, 280?

Mr. HALLEY. Mr. Robinson's office. We will talk to you then.

I have one other question.

The CHAIRMAN. If you will do that, we will appreciate it. We can get more of the details of what all this is about.

Mr. SERRITELLA. I am going to tell you the truth. That is all I can tell you, Senator.

The CHAIRMAN. We appreciate that.

Mr. SERRITELLA. I don't want to say something that I don't know.

Mr. HALLEY. Can't you remember what you got that income from Guzik for in 1945, that \$8,700?

Mr. SERRITELLA. I will try to find that out if I can. I will try to check it.

Mr. HALLEY. You got \$8,700 in 1945.

Mr. SERRITELLA. I will try to find out. What is your name?

Mr. HALLEY. Halley.

Mr. SERRITELLA. Oh. I will be in 280 at 9:30 tomorrow morning.

The CHAIRMAN. All right, Mr. Serritella; thank you.

Mr. Kelly, will you stand up and be sworn? Do you solemnly swear the testimony you will give the committee will be the whole truth and nothing but the truth, so help you God?

Mr. KELLY. I do.

TESTIMONY OF THOMAS F. KELLY, GENERAL MANAGER, CONTINENTAL PRESS SERVICE, CHICAGO, ILL., ACCOMPANIED BY WALTER GALLAGHER AND WILLIAM DEMPSEY, ATTORNEYS, WASHINGTON, D. C.

The CHAIRMAN. I have suggested this method of procedure, Mr. Kelly, and your counsel, that you start at the beginning with the time you became connected with the wire service, and you go on through and tell the whole story. We will make notes and come back and ask you questions after you have told the whole thing in your own way. How would that be?

Mr. KELLY. I may need some help, Senator. You mean from the time I started in the business?

The CHAIRMAN. Yes, sir; that is right. Of course on dates you give your best approximation. We have a lot of records here, and later on we can go over particular matters in detail.

Mr. GALLAGHER. Do you want him to start, Senator, with 1939 when Continental was started, or what he did with Nationwide before?

Mr. HALLEY. Start with whatever connection you ever had first with any wire service of any kind and work through from there.

Mr. GALLAGHER. That would start you with the newspaper set-up. You want to know how he met Ragen and McBride?

The CHAIRMAN. That is right, and who are the interested people and what the particular service did. Just start at the beginning and tell the whole thing.

First, let's get your initials, Mr. Kelly.

Mr. KELLY. Thomas F. Kelly.

The CHAIRMAN. And your address?

Mr. KELLY. General manager, Continental Press, 821 West Fifty-third Street.

The CHAIRMAN. Cleveland, Ohio?

Mr. KELLY. Chicago, Ill., Senator.

The CHAIRMAN. How old are you?

Mr. KELLY. I will be 46.

The CHAIRMAN. You were born in Chicago?

Mr. KELLY. Yes; I was.

The CHAIRMAN. Do you have a family?

Mr. KELLY. I have three children.

The CHAIRMAN. Wife and three children?

Mr. KELLY. A wife and three children; yes, sir.

The CHAIRMAN. All right. Start at the beginning when you first got into any kind of wire service, how you got into it, and who were involved and what developments led to the next.

Mr. KELLY. Mr. Ragen worked on the Examiner. This was in 1922, I believe, to 1927. I was with the Examiner at that time. Mr. Ragen came over to what was known at that time as the General News Bureau. I believe that was owned by Annenberg, and Mr. Lynch or Mr. Tenis. I think there was a Tenis, and Annenberg and Lynch. I don't know for sure how that was cut up. Mr. Ragen left the Examiner in 1927. He went over to work for Mr. Annenberg on the news bureau. That was the General News Bureau at that time. Mr. Ragen called me in before he left there and told me he was going to leave, and

I went over to work on a publication known as the Racing Record that Mr. Annenberg owned. That was in 1927 or 1928. I worked for Mr. Annenberg on the publication, the Racing Record, and then they had some trouble in the Racing Record with the unions, and that went out of business. I went to work for the Daily Racing Form. While I was working for the Daily Racing Form, Mr. Annenberg and Mr. Lynch had some legal trouble. One was suing the other, or vice versa. I don't know just how it was. And the Nationwide News was started by Mr. Annenberg in competition with the General News Bureau. I was in the delivery room when Mr. Annenberg came through one day, and he asked me to go over to the Nationwide News office. I believe the office at that time was on Dearborn and Harrison. He had a suite of rooms up there. So I went up there and reported. It was maybe a month or so before they got going, that is, before they got their equipment in order to go in to the news business. After they got started, I was one of the fellows running around Chicago getting customers for this new organization.

That lasted I think 6 or 7 months. Mr. Annenberg bought out either Mr. Lynch or Mr. Tennis, and he owned 100 percent of Nationwide, and 100 percent of General News Bureau.

After he bought the other bureau, I went back to the Racing Form and stayed in the circulation there. This fight I believe happened in '34 or '35, in through there some place, one of them years. I went back to the Racing Form and went to work. I was on their payroll all the time. Annenberg owned that. I never was on the Nationwide payroll, although if we had any expense at night with your car going around, you would get it from—I never got it from the cashier. Mr. Annenberg used to give me the money himself. He would ask me, "How must did you spend," and I would say a couple of hundred, and he would give me a couple of hundred dollars.

After that, both organizations were merged. General News and the Nationwide News. Mr. Ragen was in charge of the new organization. Mr. Annenberg asked me one day when I was in the circulation department—he had an office on the second floor and the elevator service wasn't too good, so he used to walk in there and walk up a couple of flights of stairs. So he walked in one day and he asked me how I was doing. I said "All right," I still had my distribution on the Racing Form. So he brought me over to Mr. Ragen. He told Mr. Ragen that I had worked on the Nationwide, which he knew, and he wanted me to get \$100 a week as long as, I believe, the Nationwide was in existence. I just don't recall what words were used there, but I was supposed to get \$100 a week anyhow from that organization, between the Racing Form and the other organization. I got paid from both at that time.

I believe about 6 months went by. Mr. Ragen called me up in the office and asked me if I would make some trips for him. I said surely, I would do anything in the world, but I had to take care of my other business across the street. So he said "Well, get somebody else for that." I hired somebody else for that job and went on the road for Mr. Ragen. Mr. Ragen was general manager at that time of the General News Bureau.

I believe my first trip for Mr. Ragen I can recall, if I am right—I may be able to check it—was going from Chicago to Cleveland, into

New York State, back into Maryland, and back to Chicago. I believe the trip he gave me was that. About that time—I believe we are in about 1936—Annenberg bought the Philadelphia Inquirer out. So Mr. Annenberg, after buying the Philadelphia Inquirer out, had called Mr. Ragen and asked Mr. Ragen if he had some good circulation men around who were working on the Nationwide News, if he would send some circulation men down to the Philadelphia Inquirer as he had just bought it and the Philadelphia Inquirer's deliveries were in very bad shape.

In Philadelphia there were about a dozen fellows, magazine fellows, fellows who had agencies. In fact, they had very few circulation men. So we worked around there getting it organized. One day there was a fellow by the name of Jack Annenberg, no relation to M. L. Annenberg, who ran the Inquirer. He had an argument with two or three fellows from Chicago. They were talking about Philadelphia delivery has to be done the way Philadelphians want it. You can't change a delivery service in Philadelphia the way it was done in Chicago, New York, Pittsburgh, or any other place. So Jack Annenberg sent a letter or note to Mr. M. L. Annenberg, and he ordered everybody who was in Philadelphia out of town.

Myself, figuring that I was one of the fellows, got in the car and I was tickled to death to get out of Philadelphia. I went back to Chicago. So when I pulled in Chicago I went home and reported to Mr. Ragen about I think a day and a half or 2 days later. There may be some dates in there, Senator, or some things that I don't recall. I am trying to memorize, trying to give you a picture of what happened from the first, like you said.

I believe I went up to the office about a day and a half or 2 days later, I am not sure, and talked to Mr. Ragen. Mr. Ragen asked me, he said, "What the hell are you doing back in Chicago?"

I said, "Well, I was sent back by the people in Philadelphia."

He said, "He meant everybody except you. You go on back."

That is something that I didn't want because I worked on newspapers from the time I was 8 years old. Do you care if I go into that a little?

THE CHAIRMAN. Go ahead.

MR. KELLY. My mother was a widow, left with five children. My father left her some money, not too much, and I started selling papers when I was 8 years old. Then I was trying to go to school at the same time, which didn't work out so good for me. After I got through selling newspapers I got a job at the Chicago Evening Post. I was maybe 13 then. I went to work for the Post as a delivery boy. I think the Post paid me in the neighborhood of \$6 a week or \$4 a week. After I worked for the Post a while, trying to go to school and work for the Post, I graduated from grammar school, and the teacher called me over who let me graduate, and she said, "I shouldn't do this, but I know your conditions at home and you have to work," and she let me graduate.

This was around the First World War. After I graduated I went down to the Chicago Evening Post and got a job as a driver of a delivery truck in a section south of Chicago which I knew. I kept that job up until about 1923, I believe. It was in around there some place, Senator.

Then Mr. Ragen came in to Chicago and went to work for Hearst on the Chicago Examiner, I believe it was called at that time, and his brother, Frank, who was county commissioner at that time, who I knew very well because I grew up in the neighborhood, although he was 40 years older than I was, I believe, who was pretty old at that time, asked me if I would go to work down on the Examiner for his brother. So I said I would do that, that I would go down and see his brother.

I believe that is the way it was. Anyhow, I went to work for the Examiner. I was down there a short while, and Mr. Ragen made a division man out of me. A division man, Senator, is a man who takes care of a certain district where his drivers are branched out. I was about 20 years old at that time, I believe, 21, 19, or 20 years old.

So, Mr. Ragen made me a division superintendent, and then I met Mr. McBride's sister, who worked at the same place. I believe Mr. McBride's sister and I went around a short time and we got married. Mr. McBride's sister died about 7 years later in childbirth with the girl, Pat.

Excuse me a minute.

Mr. GALLAGHER. He is going back to the time when he left Philadelphia. It was around 1936 or '37.

Mr. KELLY. About 1936 or '37 after I was in Chicago, I was sent back to Philadelphia. In 1936, I believe it was, the early part of 1936, I was working on the Philadelphia Inquirer after being sent back from Chicago. About that time Mr. Annenberg was having some difficulty with the election in Pennsylvania. Mr. Ragen called me about that time and asked me if I would take a trip for him around that time, and I went to Baltimore, Md. There was a fellow there by the name of Edward Kinsella, who was managing the office for the Nationwide News, who was owned—no, wait, sir. I believe the name of that organization was the Severn News. Severn, just like the Severn River. When I went there Mr. Kinsella left and walked out. He was a Chicago boy. He went back to Chicago. So he left me with the office. In the meantime I tried to straighten the office out. Kinsella was a kind of shiftless fellow in paying his bills. He had a lot of bills there that were paid twice. Fellows in the office there tried to help me. So we straightened it out the best we could. I selected a fellow at that time to be assistant to me, by the name of Harry Bilson. In the meantime I went back to Philadelphia and I was around Philadelphia for a while. I met my present wife who worked in Philadelphia, in the Philadelphia Inquirer office. We got married and went back to Baltimore and made our home in Baltimore.

Next I was on the road for Nationwide around New York. I went up around New York City.

About 1939, I believe around the first of 1939, Mr. Ragen called me in New York and told me to come to Chicago. I got to Chicago. I don't remember whether I saw him that day or the following day, but I saw Mr. Ragen on my return to Chicago. He told me that Mr. M. L. Annenberg was going to give up the news business. Mr. Annenberg announced that he was going to give up the news business about 3 days or 4 days before it actually happened. Everybody around the organization at that time were very much depressed. Everybody looked like they were going to be looking for a job. It looked

like the organization was going out the window. So I was one of the fellows who was depressed.

The next thing that happened, I ran into Mr. McBride. I believe Mr. McBride was at his mother's house when I saw him. Mr. McBride's mother, who my two children were with were being raised by her, was about I would say 76 years old at the time, around that. She was an elderly lady. She asked me what was going to happen, and I told her, it looks like I would be back working for the newspapers. She said to me that it was too bad that the boys working for Mr. Annenberg can't get this organization together and hold it together for themselves. I told her I thought that was almost impossible because from my experience in the news business, two news bureaus couldn't make any money for the simple reason that the cost of the gathering news runs into a tremendous amount of money.

So she said something about "It is not as bad as you think," or "Everything will turn out all right."

So I left and thought I would go over and jump in the river. I had two kids and a wife, just married. I had a little money, not too much, enough to get by for maybe a short while. I believe I went downtown around the office. I heard Mr. McBride was in town. I didn't see Mr. McBride. It is not clear to me whether I saw McBride at the office or I saw him at his mother's house. I did see him at his mother's house, and I believe he asked me how much it would take to start this business up if Annenberg gave it up. I told him what it would cost financially, I estimated it. I believe that is the way the conversation went on there. So, a day or two, maybe the day that Annenberg—I believe a day or two before Annenberg gave it up—Mr. McBride announced that he was going to pick up the news business. The news business was picked up by Mr. McBride and the organization at the time that Mr. McBride picked it up was practically all the personnel of Mr. Annenberg. Yes, it was practically the personnel of Mr. Annenberg that were in any key positions.

I am not sure where we went at that time, but we were trying to get organized in the hall of this building. So we made a date for these people that he selected, that were hired, either by him or by somebody that he selected, I am not sure, to try to keep the news business going. I am talking too slow, Senator.

The CHAIRMAN. Go ahead. You are doing all right.

Mr. KELLY. I will speed it up, if I can.

Mr. McBride went back to Cleveland that night, I believe. There was some time elapsed in there, and then I met Mr. McBride. The meeting was scheduled for Cleveland, I believe. After we got into Cleveland it was in turmoil. Nobody knew what the heck was going on. This fellow was general manager; the other fellow was wire chief; they didn't know who was who. It was suggested that they leave the organization the way Annenberg had the personnel. There were two lawyers' organizations brought into the picture at that time for the set-up of the Continental Press, which were, I believe, Con-cannon and Dillon here in Chicago, and a law firm in Cleveland by the name of—one of the lawyers was Barick, and I don't know the rest of the law firms. Yes, it was. It was Barick, Haber, Halle & McNulty, I believe it is—not this Mr. Halley.

They suggested at that time that they couldn't run the Continental Press on the same theory that Annenberg ran it for the simple reason

that Mr. Annenberg ran the business direct to bookmakers. His service went direct to bookmakers, and he owned all these services himself. In fact, all these offices that Mr. Annenberg had all belonged to him. So these lawyers suggested that the further Continental Press stayed away from bookmakers, the better off Continental Press would be.

At that time all the people who worked for Mr. Annenberg had taken over the territories for themselves. They were working for Annenberg in the territories and they wound up with the territories themselves after Mr. Annenberg went out of business. Each one of these individuals, subscribers or individuals, was told to get a turf publication, meaning a scratch sheet. This gets on into 1940. In 1940 I believe Mr. McBride, who owned Continental Press, announced that James Ragen, Jr., was the general manager of Continental Press. James Ragen, Jr., was the manager. Mr. Walter Lloyd, the Lord have mercy on him, died here this summer, in the summer months when it was quite warm. I remember when I went to his funeral. He is the man that I told the other committee was our wire chief, and if he was down there he could give a more complete story than anybody in our organization, because the wire chief, Senator, is the man who puts up the wires, he takes the wires down, he talks to the different distributors about the wires. He practically runs Continental Press wire system throughout the country. Wherever there is a Continental Press wire, he is the man who either puts it up or takes it down.

The system was set up in 1940, the latter part of '40 or the first part of 1941. There was a Mr. Clouse who was working for the Government at that time who had called the personnel of the Continental Press, and after this, all the officials and all the distributors were indicted for a lottery.

In the meantime, Mr. Lloyd, who was the wire chief under Mr. Lynn, had a lot of trouble keeping wires up, and I believe at that time, if my memory is right, the Continental Press moved all the news to telephones from one section of the country to the other. Some months passed. We went to court, and I think it was thrown out on some kind of brief or something that the lawyers filed, and Judge Holly says there was no such thing as what we were charged with. I was one of the defendants in the case.

Mr. HALLEY. Is this Judge Holly, H-o-l-l-y?

Mr. KELLY. He is a gray-haired fellow.

Mr. KERNER. He is a retired judge, still sitting here.

Mr. KELLY. He was a gray-haired fellow, quite old at that time. I don't know whether he is still alive or not. The lawyers in our case at that time—I don't remember who the lawyers were. That doesn't make any difference; does it, Senator?

The CHAIRMAN. That doesn't make any difference. If you can remember, all right. If you can't, go ahead.

Mr. KELLY. I don't recall. We were dismissed on the charges.

The CHAIRMAN. I believe that is a very good place to take a little break until this afternoon. Suppose we start back at 1:30.

Mr. GALLAGHER. Yes, sir. We will be here.

Mr. KELLY. Thank you, Senator.

(Whereupon, at 12:15 p. m., the committee recessed until 1:30 p. m. the same day.)

AFTERNOON SESSION

(The committee reconvened at 2 p. m., pursuant to recess.)

The CHAIRMAN. The committee will come to order.

Let the record show that Julius Cahn, administrative assistant to Senator Wiley, is present, and the committee is very happy to have him here.

FURTHER TESTIMONY OF THOMAS F. KELLY, GENERAL MANAGER, CONTINENTAL PRESS SERVICE, CHICAGO, ILL., ACCOMPANIED BY WALTER E. GALLAGHER AND WILLIAM DEMPSEY, ATTORNEYS, WASHINGTON, D. C.

The CHAIRMAN. Mr. Kelly, I believe when we left off you had just finished telling us that when the Continental was formed and took over there was a change in policy from the days of the Annenberg ownership where Continental severed relationship with the distributors and what not. Was that not where we had gotten to?

Mr. GALLAGHER. Yes, sir. I believe he was just stating, Senator, that in 1940 the various distributors were collecting the news and sending it across the country by telephone at that time.

The CHAIRMAN. That is right. You had covered the Holly indictment, and that had been dismissed.

Mr. KELLY. That was the latter part of 1940, I believe.

The CHAIRMAN. Go right ahead, Mr. Kelly.

Mr. KELLY. After the indictments were dismissed, the distributors started to get wires of their own from one State to another. They went to Postal Telegraph, I believe, and each distributor got his own wire. Like from New York to Rochester, Rochester got his wire in Cleveland. Each distributor paid for his own portion of the wire.

About that time—I am not too familiar on the dates—Mr. McBride had taken Junior Ragen in as a 50 percent partner. Junior Ragen was a partner now, and a general manager. The business went along with Junior Ragen and Senior McBride as owning 50 percent apiece; and about a year later, Mr. McBride stepped out of the picture altogether and sold his interest, I believe, to Junior Ragen. In fact, Junior Ragen was the sole owner.

Mr. GALLAGHER. That date was 1942, for the record.

Mr. KELLY. Was it 1942? It was somewhere along that time.

Mr. GALLAGHER. I think I might say this: It is correct, isn't it, Mr. Kelly, that just before that, or at some period before that, whether it was a question of months or not, Continental had taken over the Trans-Continental Wire, isn't that correct?

Mr. KELLY. That I don't know. Junior Ragen worked that out some way by himself. I think Mr. Walter Lloyd or Mr. Lynch—

Mr. GALLAGHER. The wire was finally in Continental's name, as far as the Trans-Continental Wire was concerned, isn't that right?

Mr. KELLY. Finally the Continental Press took over a wire from coast to coast. Junior Ragen and Walter Lloyd, I believe, and Mr. Lynch, worked that out for a wire belonging to Continental Press all over the country, that is, the Morse wire.

Mr. HALLEY. You mean they bought it, or leased it?

Mr. KELLY. No; they leased it. I am not sure whether it was from Postal or Western Union.

I believe we are getting into around 1942 and Pearl Harbor. I think that came in there some place.

In the meantime, I am just a plain fellow in the organization; that is, one of the workers in the vineyard. I didn't have any title. Junior Ragen and his dad were practically the bosses. They ran practically everything, although Mr. Ragen at that time was under an indictment. No; he wasn't under an indictment. He was indicted with Mr. Annenberg, I believe, on seven counts. I don't know what it was, income tax or what it was. Most of the indictments, I believe—I am kind of mixed up there.

MR. GALLAGHER. If I may make a statement, I think I can clear the record and get you down to 1943, Senator.

The CHAIRMAN. All right.

MR. GALLAGHER. I believe Mr. Ragen, senior, was indicted along with Annenberg in connection with alleged tax frauds. On appeal, it was reversed; and reversed again in the Supreme Court, as a result of which James Ragen, Sr., was put on probation. So James Ragen, Sr., had no piece of Continental Press, nor did he take active part. I believe he did advise with his son, Junior, from time to time during that period.

Then in 1942, Arthur McBride sold out his interest in Continental Press to Ragen, junior; and in 1942 and 1943, Ragen, junior, and Ragen, senior, were running the business.

Then we come down to the point in 1943 when Ragen, junior, brings his father and Edward McBride into the picture. Is that correct, Mr. Kelly?

MR. KELLY. That is right. I had just got in town, I was in the East, and Junior Ragen called me over to his house. He asked me how old I was. I told him I figured at that time I was 38, I believe I was, something around there. Anyhow, I was in that draft age from 21 to 38. So Junior said to me, "It looks like I am going to get drafted." I said, "Well, you are in the same spot I am. You have two children and I have two children." He said, "The fellow next door is going to be drafted, so I am going to be drafted with him, I believe."

So Junior Ragen was figuring at that time to take his dad in as a partner, and Edward McBride as a partner, too. There was a three-way partnership there, Edward McBride, James Ragen, Jr., and James Ragen, Sr. I believe this was around 1943.

In 1943, I believe it was—Mr. Gallagher can refresh my memory on this; he probably knows about what I am going to talk about—Ragen wound up in some litigation with a fellow in Phoenix, Ariz., by the name of Tony Corica. That case was, to the best of my knowledge, that Corica was trying to take over a piece of somebody's business out there, and Ragen raised his rate, Ragen told me to raise his rate, which I did, and Corica sued Ragen because Ragen cut his wire off.

The case came up here in Chicago before one of the Federal judges. I don't recall which one it was. We lost the case. The case was appealed, and it was reversed, and Ragen won the case, or the Continental Press won the case. Then Ragen got rid of the distributor out there. He cut the distributor out on the court order, and selected a new distributor for that area. I believe, Senator, the area that this fellow had at that time took in all of California, all of Nevada, all of Arizona. It took in all those States surrounding there. It might have been about six States, I believe.

So after Ragen took the distributorship away from him, Ragen gave a distributorship to his son-in-law, Russell Brophy, in Los Angeles; and a fellow by the name of Paul Elmer in Las Vegas.

Wait a minute. I think I am wrong in this. I believe some of these fellows were in this territory, and this Corica—yes, I am wrong. I know I am wrong, Senator. I would like to correct myself.

Before Senior Ragen got in the business, there were six distributors that redistributed this news to about 30 distributors. The six distributors got the news from Continental, and they redistributed it to the rest of the distributors, which in turn was 25 or 26. That was set up, I believe, Senator, from what I understood later on, that the further away from the books Continental would be, the better off Continental was. Although the lawyer did say the distributors were enough because they had scratch sheets, they were all turf publications, this was set up with six original distributors that got this news, and redistributed it to these other distributors.

Mr. GALLAGHER. I might interject and say there, Senator, that a full description of the operation of Continental Press in those days from approximately 1939 to about, I believe, 1943 or 1944, is stated in the FCC report, which I believe your staff has, and which talks of the six distributors. Subsequently, it was changed. That is fully set forth in the investigative report.

Mr. KELLY. That is right. That is a matter of record, I believe, in the FCC, like Mr. Gallagher says.

During the war, there was a big tax. I think an excise tax—a telegraph tax, I believe it was—raised from 3 percent to about 8 percent. Mr. Ragen and the lawyer sat down, and according to the Government, the distributor would pay 8 percent on the service that he got, 8 percent of each dollar, and the subdistributor would have to pay 8 percent on the dollar that he got, and the Continental Press would have to pay 8 percent on the service that they got; in reality, you got a 24-percent tax that we are paying on the one wire.

At that time, I was in bad health and went to Florida. I stayed in Florida for, I think, about 6 or 7 months. When I returned, there was a change made from the 6 original distributors to 20—it was in the twenties someplace, either 25 or 30 distributors. Continental Press then distributed their news direct to these 26 or 28 or 30 distributors direct. There was no middleman in there at all. They took them out.

The CHAIRMAN. When was it they were taken out?

Mr. KELLY. Between the time I went to Florida and the time I returned.

Mr. HALLEY. Was the purpose of that to eliminate one of the 8-percent taxes?

Mr. KELLY. Mr. Halley, I didn't know, myself, just what the reason was until I got back.

Mr. GALLAGHER. I believe Mr. Arthur worked on that tax problem.

Mr. KELLY. There was a swell fellow, Arthur, who was an attorney in with Concannon. The firm's name was Concannon, Dillon & Arthur. Mr. Arthur, a fellow about 38 years old, was the lawyer for the Ragens, Continental, and the Ragen estate.

Around 1948, they took him to the hospital and found out he had cancer of the brain. He had built up a clientele where he was going from Concannon's office, where he had been for about 10 years, over

to his own organization. He and another fellow were going in business together. And he died within 5 or 6 months. That is the way that was worked out between those attorneys.

Mr. GALLAGHER. Let me ask you, Mr. Kelly, from 1944 on, the Continental picture has been pretty much the same, in that you have had somewhere between 24 and 30 distributors who have publications, to whom Continental sells; is that correct?

Mr. KELLY. Continental was practically the same. You had the same amount of customers. Yes; you are right.

Mr. GALLAGHER. With some minor changes, possibly a change in a distributor, the thing has been the same, roughly speaking, since 1944?

Mr. KELLY. I believe when I returned they had the same subdistributors as when I left. They had the same number, I believe.

Mr. GALLAGHER. And Continental has done business since that time, selling to distributors with publications, who in turn sell the news to others?

Mr. KELLY. That is right.

Mr. HALLEY. You insist that your distributor have a publication?

Mr. KELLY. That is right, sir.

Mr. HALLEY. The purpose of that being so that you can say no matter what other objective he has in buying the service, he has at least one legitimate purpose; is that right?

Mr. KELLY. Well, it follows the same line, Mr. Halley, not getting away from your question, it follows the same pattern that was laid down by Continental Press when it was first born, that a distributor had to have a scratch sheet in order to get Continental news.

Mr. HALLEY. So he would have legitimate outlet for the news?

Mr. KELLY. I imagine.

Mr. GALLAGHER. That is apparently the understanding of the attorneys who set it up.

Mr. HALLEY. This may be a good breaking place, Mr. Chairman. Mr. Bernstein is here now. Can we take him for 5 minutes?

The CHAIRMAN. All right.

(Witness Kelly temporarily excused.)

FURTHER TESTIMONY OF EUGENE BERNSTEIN, ATTORNEY, CHICAGO, ILL.

Mr. HALLEY. Hello, Mr. Bernstein.

We have asked you to come back in order to try to clarify some of the details of your trip to Kansas City, I believe on August 12, 1947—is that the date—prior to the release of the parolees?

Mr. BERNSTEIN. I don't know the exact date.

Mr. HALLEY. I think it was on the 12th.

Mr. BERNSTEIN. I went down there the night before, the day prior to their release.

Mr. HALLEY. Did you go down alone?

Mr. BERNSTEIN. I did, sir.

Mr. HALLEY. Before leaving—you went from Chicago to Kansas City?

Mr. BERNSTEIN. I did.

Mr. HALLEY. Did you have two tickets when you left Chicago, in your name?

Mr. BERNSTEIN. I don't remember. I had only one ticket for myself.

Mr. HALLEY. Is it possible that you might have had two tickets?

Mr. BERNSTEIN. No, sir.

Mr. HALLEY. When you went down there, you went right to the Muehlebach Hotel?

Mr. BERNSTEIN. I don't know if I went right to the Muehlebach or if I went direct to the penitentiary. I think it was kind of late when I went there, and I went directly to the penitentiary. I am not positive about that. I am trying to remember. I may have gone to the Muehlebach first. That is not clear in my mind.

Mr. HALLEY. You registered at the Muehlebach, and I think they were pretty crowded, weren't they? I think the best you could get was a sample room?

Mr. BERNSTEIN. I got a pretty bad room. I know it was full of debris and everything else. I complained about it.

Mr. HALLEY. Then you were driven out to the penitentiary by Gizzo's brother-in-law?

Mr. BERNSTEIN. I don't know. I think it was his half-brother, or someone else. I don't know just exactly who it was. We went out there—it was one of three or four people who would take us out there.

Mr. HALLEY. In any event, you went out in Gizzo's Cadillac convertible?

Mr. BERNSTEIN. I don't remember what kind it was now. I think it was an open car.

Mr. HALLEY. Who went out to the penitentiary?

Mr. BERNSTEIN. I beg your pardon?

Mr. HALLEY. Who went out there with you? Did you go alone?

Mr. BERNSTEIN. Into the penitentiary?

Mr. HALLEY. No; to the door of the penitentiary.

Mr. BERNSTEIN. I went alone, all alone.

Mr. HALLEY. But this brother-in-law or half-brother—

Mr. BERNSTEIN. He would come up with the car and go away, and came back sometime later to pick me up.

Mr. HALLEY. You had nobody else in the car with you when you went out there?

Mr. BERNSTEIN. No, sir; I did not.

Mr. HALLEY. When did you first learn who was to be released?

Mr. BERNSTEIN. When I first came down there, I assumed that Campagna was coming out alone, because the other papers were not completed for the others. It was that night that the warden told me that the other two would be released, also. That was late in the afternoon.

Mr. HALLEY. You learned that first when you saw the warden at the penitentiary?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Until you actually arrived there, you expected only you and Campagna would be returning?

Mr. BERNSTEIN. That was my original assumption.

Mr. HALLEY. When did you purchase return tickets? Did you have round-trip tickets?

Mr. BERNSTEIN. No, sir; I did not.

Mr. HALLEY. What did you have?

Mr. BERNSTEIN. I got the additional tickets—I don't know how I went down. I don't know if I flew down or took the train down.

That I wouldn't vouch for. I don't recall how I went down there. Coming back, I came back by plane. It seems to me I got the first tickets at the Muehlebach Hotel. I got two tickets at that time.

Mr. HALLEY. You got them before you went out to the penitentiary, didn't you?

Mr. BERNSTEIN. I think I did.

Mr. HALLEY. You got two?

Mr. BERNSTEIN. That is right. When I came back, I couldn't get any more tickets.

Mr. HALLEY. The next morning you succeeded in getting some more?

Mr. BERNSTEIN. No. I turned those tickets back to this gentleman who was in this room.

Mr. HALLEY. What gentleman in what room?

Mr. BERNSTEIN. In this room with Mr. Gizzo and this other gentleman. I can't recall his name. It is the first time I ever met him.

Mr. HALLEY. When you got back to the Muehlebach, you had the good news that they would all be released, and you saw Gizzo in his room?

Mr. BERNSTEIN. I don't know whose room that was. In this room—I was up in this room. Gizzo was in this room and some other gentleman.

Mr. HALLEY. What did you do about tickets at that time?

Mr. BERNSTEIN. I spoke to them. I said, "I am having difficulty. All I have is two tickets and I can't get any more." I said, "What can I do about transportation?" This fellow said, "Give them to me and I will see what I can do for you." He brought me back those four tickets.

Mr. HALLEY. When did he bring the other four back?

Mr. BERNSTEIN. I don't know whether I got them the next morning before I went out. I believe it was before I went out to the penitentiary.

Mr. HALLEY. What did you do with the two tickets you originally had?

Mr. BERNSTEIN. I gave them back to this gentleman. He took them back. He said to me he would get me transportation on a different line—on a different airline.

Mr. HALLEY. Did he?

Mr. BERNSTEIN. I don't know what airline it was. I don't recall.

Mr. HALLEY. Do you remember what line originally you were on?

Mr. BERNSTEIN. I do not, sir.

Mr. HALLEY. Wasn't it TWA?

Mr. BERNSTEIN. I wouldn't remember.

Mr. HALLEY. Do you remember what line you came back on, actually?

Mr. BERNSTEIN. I do not.

Mr. HALLEY. Did you give him money for the four tickets, or money for just two?

Mr. BERNSTEIN. No. I don't think I ever paid him for the other two tickets. It may have been paid by Mr. Gizzo. I wouldn't vouch for that.

Mr. HALLEY. You did not pay it?

Mr. BERNSTEIN. I don't recall paying for it.

Mr. HALLEY. Did you pay for the first two?

Mr. BERNSTEIN. I did.

Mr. HALLEY. Did you get them yourself?

Mr. BERNSTEIN. I did.

Mr. HALLEY. Where did you get them?

Mr. BERNSTEIN. At the Muehlebach Hotel.

Mr. HALLEY. From the TWA ticket office?

Mr. BERNSTEIN. Whatever ticket office is in that hotel.

Mr. HALLEY. You did that before you went out to the penitentiary?

Mr. BERNSTEIN. That was done, I think, that night, before.

Mr. HALLEY. What time did you go to the penitentiary? Quite late at night?

Mr. BERNSTEIN. You have to leave there by 4 o'clock, if I am not mistaken.

Mr. HALLEY. When did you get to Kansas City?

Mr. BERNSTEIN. Those tickets, I am pretty certain now, were purchased before I went to the penitentiary. I am trying to reconstruct it as best I can.

Mr. HALLEY. What time were they purchased?

Mr. BERNSTEIN. I wouldn't venture that.

Mr. HALLEY. When did you get to Kansas City?

Mr. BERNSTEIN. I wouldn't recall. It was on that day, but I would not recall the hour. If I came by train, it would have been in the morning. If I came by plane, it could have been any time.

Mr. HALLEY. Then you must have checked into the Muehlebach sometime during the early afternoon, if you had to get out to the penitentiary and be there by 4 o'clock.

Mr. BERNSTEIN. I don't know whether I checked into the Muehlebach. I think that was taken care of for me. I am not positive. I won't vouch for it.

Mr. HALLEY. When did you first see this unsatisfactory room that was all cluttered up?

Mr. BERNSTEIN. I think it was about 8 or 9 o'clock at night, maybe a little later.

Mr. HALLEY. When you returned from the penitentiary?

Mr. BERNSTEIN. After having dinner.

Mr. HALLEY. But you personally took the trouble to buy the two tickets in the first place?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Did anybody from Chicago register into the Muehlebach Hotel at the same time you did?

Mr. BERNSTEIN. I wouldn't know that. I don't even recall whether I registered. I don't recall.

Mr. HALLEY. Well, you did.

Mr. BERNSTEIN. I am taking your word for that. I don't know whether I did or not.

Mr. HALLEY. Do you know whether anybody else either registered or was registered at the same time you did?

Mr. BERNSTEIN. I wouldn't know.

Mr. HALLEY. You know you didn't go down there with anybody?

Mr. BERNSTEIN. That I know, except those who accompanied me on the plane.

Mr. HALLEY. Nobody known to you?

Mr. BERNSTEIN. Nobody known to me.

Mr. HALLEY. Did you meet anybody in Kansas City?

Mr. BERNSTEIN. Not that I know of, not other than these people I have mentioned to you.

Mr. HALLEY. Then the next morning——

Mr. BERNSTEIN. I am not known in Kansas City at all.

Mr. HALLEY. When did you get the four tickets?

Mr. BERNSTEIN. I believe I got that before I went out in the morning.

Mr. HALLEY. This man handed you four tickets?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. What did you do with the two you already had?

Mr. BERNSTEIN. I told you. I returned those originally——

Mr. HALLEY. To whom did you return them?

Mr. BERNSTEIN. To this gentleman who was in the room with Mr. Gizzo. He is the one who said—I don't know which one of them said, "We can get you tickets. Let's have those other two." They said, "We will get you on a different line." I assumed they were going to get a refund on that and would get me four other tickets, or get me train transportation, one or the other.

Mr. HALLEY. You gave him two tickets and got four back the next day, and you gave him no more money?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. You never saw the first two tickets?

Mr. BERNSTEIN. I wouldn't want to vouch for that. You mean after that?

Mr. HALLEY. Yes.

Mr. BERNSTEIN. Whether they gave me back the same two tickets and gave two additional tickets, I don't know, but it seems to me there were four different tickets. I am not positive.

Mr. HALLEY. Four new tickets?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. On the same or a different airline?

Mr. BERNSTEIN. I wouldn't remember.

Mr. HALLEY. If they were on the same airline, can you think of any reason why he should have had four more tickets issued?

Mr. BERNSTEIN. Gentlemen, I do not know. How many more tickets?

Mr. HALLEY. Four.

Mr. BERNSTEIN. There were four, all told, that I got.

Mr. HALLEY. That is right. Why would he have had to get four new tickets issued if they were on the same airline?

Mr. BERNSTEIN. I don't know what he did. I couldn't tell you what he did, whether he turned those other two in at that time or turned them in at some other time and canceled and got back the money.

Mr. HALLEY. Where did you stay at the Muehlebach? Did you get your room changed?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Isn't it the fact that you got the penthouse at the Muehlebach?

Mr. BERNSTEIN. It is the only room they had. It was a large room. I didn't pay for that, either.

Mr. HALLEY. Who paid for it?

Mr. BERNSTEIN. I don't know.

Mr. HALLEY. It was the Muehlebach suite, a penthouse suite, wasn't it?

Mr. BERNSTEIN. It was a rather large suite. I was there all alone.

Mr. HALLEY. It had a living room?

Mr. BERNSTEIN. There were a number of rooms, a series of rooms in there.

Mr. HALLEY. Up on the top of the hotel?

Mr. BERNSTEIN. I don't know whether it was on top of the hotel or not. I can say to you gentlemen, I don't feel proud of it. I did a little drinking prior to that time.

Mr. HALLEY. Prior to what time?

Mr. BERNSTEIN. Prior to going to that room.

Mr. HALLEY. With whom did you do the drinking?

Mr. BERNSTEIN. With these gentlemen in that room, downstairs.

Mr. HALLEY. Where Gizzo was?

Mr. BERNSTEIN. With Gizzo. It was just the three of us.

Mr. HALLEY. Were they in one room, or in a suite?

Mr. BERNSTEIN. They were in one room. It seems to me it was only one room.

Mr. HALLEY. You had some drinks with them?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Over how long a period?

Mr. BERNSTEIN. I am not ordinarily a drinking man. It doesn't take me much to feel a little good. It wasn't very many drinks.

Mr. HALLEY. Then you went all by yourself up to the suite?

Mr. BERNSTEIN. I did, yes, sir, with the bellboy. They had the bellboy. I complained about the room, and he took me up there.

Mr. HALLEY. Did you have any more drinks up there?

Mr. BERNSTEIN. No, sir, I did not.

Mr. HALLEY. Did you purchase any liquor up there?

Mr. BERNSTEIN. I never purchased any liquor, sir.

Mr. HALLEY. You purchased no liquor while you were at the Muehlebach?

Mr. BERNSTEIN. I did not, sir.

Mr. HALLEY. You purchased no bottles of liquor?

Mr. BERNSTEIN. I was asked that before. I can say to you, at no time did I buy one drink in Kansas City at any time.

Mr. HALLEY. The drinks you had were given to you by Gizzo and his friend?

Mr. BERNSTEIN. Yes, sir. They had some bottles, there, and some ice water. I don't believe they had any White Rock. I don't think they even had that.

Mr. HALLEY. Who got on the plane with you to come back to Chicago?

Mr. BERNSTEIN. These four gentlemen, the three of them and myself.

Mr. HALLEY. That would be Campagna—

Mr. BERNSTEIN. Campagna, De Lucia, Gioe, and myself. If I recall, Gioe and I sat away in the front. That is where I generally always sit. It has been one of my fetishes. I always sit in the front of a plane.

Mr. HALLEY. Who had the tickets? You?

Mr. BERNSTEIN. I gave them all their tickets, it seems to me. I don't remember. It seems to me I gave them all the tickets. I may have had all the tickets. I don't recall.

Mr. HALLEY. In whose name were the tickets?

Mr. BERNSTEIN. They may have been in my name.

Mr. HALLEY. Can you think of any reason why six tickets should have been used that day instead of four?

Mr. BERNSTEIN. How many?

Mr. HALLEY. Six.

Mr. BERNSTEIN. I don't know. I do not know.

Mr. HALLEY. Does it make any sense to you that six tickets should have been used?

Mr. BERNSTEIN. Are you making a conjecture? I said I used four tickets.

Mr. HALLEY. Six were used.

Mr. BERNSTEIN. I know nothing of that. There could be a plane full of tickets used. I used only four.

Mr. HALLEY. Six tickets bearing your name were used.

Mr. BERNSTEIN. I have no reason to know why six tickets were used. I used four tickets.

Mr. HALLEY. If the TWA has on the 3:15 p. m. flight from Kansas City to Chicago, coupons for six tickets in your name, have you any explanation of how that could have occurred?

Mr. BERNSTEIN. No, sir; I have no explanation.

Mr. HALLEY. If you gave a man instructions to get two extra tickets, there would be no reason for him to buy four extra ones on the same line, would there?

Mr. BERNSTEIN. I don't know that more were bought.

Mr. HALLEY. Here are six tickets in your name.

Mr. BERNSTEIN. I know nothing about that.

Mr. HALLEY. On TWA.

Mr. BERNSTEIN. I have answered, sir. I know nothing about that. I certainly would have no reason to purchase. Are those tickets in consecutive order there?

Mr. HALLEY. The first two; and the second four are.

Mr. BERNSTEIN. I know nothing about them.

Mr. HALLEY. The question is, Why four extra tickets rather than two extra tickets were bought?

Mr. BERNSTEIN. I couldn't tell you.

Mr. HALLEY. The second four were all bought together. There is no doubt that they come together?

Mr. BERNSTEIN. I know nothing about it.

The CHAIRMAN. All of them show that they were used.

Mr. BERNSTEIN. Sir, I certainly don't live a double life. I certainly couldn't use more than one ticket.

Mr. HALLEY. The question is: Who else went from Kansas City to Chicago?

Mr. BERNSTEIN. Mr. Halley, your venture is as good as mine. I don't know who used them. I know nobody that I see in Kansas City. If anybody else there used them, I know nothing about it.

Mr. HALLEY. The previous night, the night of the 12th, how late did you stay up drinking with Gizzo?

Mr. BERNSTEIN. It was shortly before I left. First I went down to that room, which was filthy.

Mr. HALLEY. The room you were supposed to have?

Mr. BERNSTEIN. The room that they took me to, that the bellboy brought me into. It was full of boxes and tables. I understood it was a sample room. I complained about it.

When I went down to that room, that is when I quit drinking, whatever time that was.

Mr. HALLEY. It was after that that you were switched to the penthouse?

Mr. BERNSTEIN. I was switched by the hotel.

Mr. HALLEY. Who arranged the switch?

Mr. BERNSTEIN. I don't know.

Mr. HALLEY. Did you ask Gizzo to do it?

Mr. BERNSTEIN. I may have. I think Gizzo was up in that room, and I called him and said, "What kind of a room is this?" I believe he laughed, and then I got a different room. The bellboy took me to a different room.

Mr. HALLEY. You actually spent the night, then, in a suite that had several bedrooms; is that right?

Mr. BERNSTEIN. I think there was only one bedroom, if I am not mistaken.

Mr. HALLEY. Could there have been two bedrooms?

Mr. BERNSTEIN. I doubt it. I am not positive. It seems to me there was one large parlor there and there was a kitchen in there. It appeared to be—I thought it was somebody's apartment.

Mr. HALLEY. Was any liquor at all delivered to that apartment?

Mr. BERNSTEIN. No. I have heard that stated before. I heard it stated before that that room was all disheveled and everything else. That is untrue.

Mr. HALLEY. You went up there alone and went to sleep?

Mr. BERNSTEIN. I went up there alone and I went out alone. When I drink I certainly don't throw things over or anything else.

Mr. HALLEY. There was not a party in that suite?

Mr. BERNSTEIN. Absolutely not, sir. Gizzo was never in that room while I was there. No one else was in that room while I was there.

Mr. HALLEY. No one whatsoever, except you and the bellboy?

Mr. BERNSTEIN. Positively—that is, to my knowledge there was no one there, not during the time I occupied it.

Mr. HALLEY. What time did you leave on the morning of the thirteenth to go out to the penitentiary?

Mr. BERNSTEIN. It may have been around 10 or 11 o'clock, but I am not sure. It know we had to meet them about noon out there.

Mr. HALLEY. You met them at noon?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Where did you meet them?

Mr. BERNSTEIN. It seems that it was around a station there.

Mr. HALLEY. At a bus station?

Mr. BERNSTEIN. I think that is where it was—around there somewhere.

Mr. HALLEY. You were again in this open Cadillac car belonging to Gizzo?

Mr. BERNSTEIN. I don't know what kind of car it was, now.

Mr. HALLEY. An open car?

Mr. BERNSTEIN. Yes; I think it was an open car, but I am not positive now. He had two or three different cars he used to drive us out in.

Mr. HALLEY. How long did it take to get from the bus station back to the airport?

Mr. BERNSTEIN. I waited quite a while for them there. We waited a couple of hours before they came.

Mr. HALLEY. When did they finally come?

Mr. BERNSTEIN. I don't remember the time. It was in the afternoon.

Mr. HALLEY. After they came, where did you go with them?

Mr. BERNSTEIN. To the best of my recollection, we went direct to the airport, right to the airport.

Mr. HALLEY. Did you have a long wait at the airport?

Mr. BERNSTEIN. Considerable, several hours, if I am not mistaken.

Mr. HALLEY. You say you were supposed to meet them at noon?

Mr. BERNSTEIN. About noon.

Mr. HALLEY. They were a couple of hours late?

Mr. BERNSTEIN. There was some time. I got there before that. Don't forget, I was waiting there. I was told they would be out sometime between 11 and 12, if I am not mistaken, and we waited and waited over there.

Mr. HALLEY. Then when they came out, you drove right in to the airport?

Mr. BERNSTEIN. Direct, it seems to me. I don't think we stopped. I am pretty sure I had my baggage in the back of the car. I don't recall stopping at all at the hotel.

Mr. HALLEY. At the airport, you had a long wait again?

Mr. BERNSTEIN. We had. I would say we waited anywhere from an hour, maybe an hour or an hour and a half, at the airport.

Mr. HALLEY. You spent that time in the restaurant?

Mr. BERNSTEIN. We sat down. I am pretty sure that Gioe first sat down with me, and then later on the others came over and sat down.

Mr. HALLEY. Did anybody else join you at the airport?

Mr. BERNSTEIN. Not that I recall. I don't remember anybody joining us.

Mr. HALLEY. Was Gizzo there?

Mr. BERNSTEIN. I didn't see him.

Mr. HALLEY. Were any of the Fischettis at the airport?

Mr. BERNSTEIN. I didn't see them.

Mr. HALLEY. You didn't see any of the Fischettis?

Mr. BERNSTEIN. No.

Mr. HALLEY. Charlie or Rocco?

Mr. BERNSTEIN. I am not saying they couldn't have been there, but I didn't see them there.

Mr. HALLEY. The question is: Did you see any of the Fischettis?

Mr. BERNSTEIN. I did not see them.

Mr. HALLEY. You didn't see any of the Fischettis in Kansas City on either August 12 or 13?

Mr. BERNSTEIN. I did not, sir.

Mr. HALLEY. Either Charles or Rocco?

Mr. BERNSTEIN. No, sir. I know both of them, and I didn't see either one of them there.

Mr. HALLEY. In Kansas City on that occasion?

Mr. BERNSTEIN. Definitely.

Mr. HALLEY. That is all. Thank you very much.

Mr. WHITE. I would like to ask him one question.

Do you know a man by the name of Fred Evans, Mr. Bernstein, connected with the Ruby Cleaners?

Mr. BERNSTEIN. I met him out here in the hall some time ago, and he said, "I knew you when you were a kid," but I don't recall knowing him.

Mr. WHITE. At any rate, he never came to your office and brought any money in connection with this?

Mr. BERNSTEIN. No. The first time I met Mr. Evans, if that is who the gentleman was, waiting out here—and we spent 3 days in the hall waiting—the first time I ever saw him. He said he knew me years back, and he mentioned a barber shop we used to go in, but I don't recall him.

Mr. WHITE. You never handled any tax business for him, or any other business?

Mr. BERNSTEIN. I don't remember him. I don't recall ever seeing him before that.

Mr. WHITE. Thank you.

The CHAIRMAN. All right, Mr. Bernstein.

Mr. BERNSTEIN. Thank you, Senator.

Mr. HALLEY. Thank you.

FURTHER TESTIMONY OF THOMAS F. KELLY, GENERAL MANAGER, CONTINENTAL PRESS SERVICE, CHICAGO, ILL., ACCOMPANIED BY WALTER E. GALLAGHER AND WILLIAM DEMPSEY, ATTORNEYS, WASHINGTON, D. C.

The CHAIRMAN. Where were we when we quit?

Mr. GALLAGHER. I think up to 1944, Senator, approximately 1944, when the business was set up on just about the basis that it is run today.

The CHAIRMAN. Yes.

Mr. KELLY. I think we were talking about between 25 and 30 distributors who were getting Continental News.

Mr. Ragen was the man in charge now. His son was in the background. I think his son had a tool business. He was making tools for the Army or the Navy, some kind of tool manufacturing.

About that time, or a little later, the Secretary of State was Byrnes, was it, who closed the race tracks?

The CHAIRMAN. Yes, sir.

Mr. KELLY. He closed all the race tracks about that time, I guess.

The CHAIRMAN. He was the head of the Office of War Mobilization, I think.

Mr. HALLEY. Director of War Mobilization.

Mr. KELLY. That is right. I think he closed all the race tracks at that time. Mr. Ragen called everybody in and told them he didn't know how long the tracks were going to be closed, and everybody was put on either half pay or laid off altogether. I think the tracks were closed for 4 or 5 months. He opened up in May, I think, the month of the Kentucky Derby, in 1945.

In the meantime, the Continental Press, I believe, lost plenty of money. They tried to bring entries, things for scratch sheets, in from Cuba and Mexico. It was very, very costly, and they couldn't stand the cost, so they had to give it up.

Mr. GALLAGHER. Didn't Continental give up its wire?

Mr. KELLY. I think Continental gave up the Western Union wire that they had at that time. I think Ragen called Western Union and canceled the wires for the duration of the time that the race tracks were closed.

During this time, after he canceled his wire, they were still getting the results in on the telephone, trying to move it around, but that proved to be too costly. They couldn't move the results, the entries. You see, Senator, a set of entries might be—there would be 8 or 9 races a day at one track, and there might be 15 horses in each race. So they would have to send the weights of the jockeys and the horses, and by the time you got through talking about that on the telephone, you had a \$40 telephone bill. It ran very expensive to send it over the telephone, although they do it.

I think we are up to about 1945, after the tracks opened. There was another job reorganizing and getting people to get their equipment back. Continental got their Morse wire back from Western Union. The distributors who gave up their equipment started to get their equipment back. All in all, it took maybe 3 or 4 months to get straightened out in that situation. It was practically the same situation then that it was in 1939 when they didn't have any equipment. They got it back little by little.

In the spring of 1945, at the time of the Kentucky Derby, is the time we were all set up.

We go to the winter of 1945. In the winter of 1945, I believe. Senator, is when Mr. Ragen called everybody together and told them that—no, it has to be 1945, because Mr. Ragen got shot in 1946, in June.

Mr. GALLAGHER. The late fall or early winter of 1945? Wasn't it the late fall of 1945 or early winter of 1945 going into the year 1946 that he called you in and told you there was a competitive wire starting?

Mr. KELLY. Yes; that is right. He called me in and told me that there was a competitive wire starting. He didn't know whose it was or who the people were who were starting it. He told me to make reservations and to get on a train and go east, and tell the subscribers that there was a new wire coming in, and to stay with the people who started this business in 1939, which I did.

It must have been late fall, because this was, I believe, in November. I know it was around one of the holidays. It had to be Thanksgiving.

When I returned to Chicago, Mr. Ragen said that Pat Burns and a fellow by the name of Ralph O'Hara were going into the news business, but he didn't want to worry about them too much because he didn't think that they could get facilities. Mr. Ragen made arrangements to go to Florida, and he left for Florida within a week or 10 days. Anyhow, it was a short while before he left for Florida.

After he got down to Florida, he used to call the office every day and ask what was new there. His son wasn't in the office. His son was over in another office that he had. He called his son and asked what was new in Chicago.

In the meantime, Trans-American was getting equipment. They were getting telephones, telegraph, and printer equipment, I believe. The reason I say that is that they were in the New York office, and they got in a fight with somebody in the office who wouldn't talk to them, because Ragen had called them and told them they were a pack of

hoodlums. I don't know who it was in the Western Union office, but I heard that in around our office.

Anyhow, they were delayed for quite a while in getting equipment, but around Christmas of 1945, I believe it was, they started getting their equipment and started branching out.

It seems that Sylvester Farrell, who had the Midwest News Association, Midwest News, I believe it was, was selling news to somebody in Chicago, and Farrell was having trouble with this fellow spreading out. I don't know who it was. They were spreading out and taking some of his customers. This is after Trans-American got in business. There was some court litigation at that time over a scratch sheet that was owned by Sylvester Farrell and Dan Serritella. It was in Judge Lupe's court here, I believe, and Judge Lupe ordered the scratch sheet closed and thrown in the hands of a receiver.

Between that time and the time the scratch sheet went out of business, Mr. Ragen had called a fellow in town here, by the name of Charlie Toulis. Charlie Toulis was a fellow who weighed about 280 or 290 pounds, and was about 5-foot 6. So he was a 5 by 5. He was very, very stout. So he told Charlie to get down and talk to Tom Bourke. Tom Bourke is a fellow around Chicago who puts out a paper that is called the Chicago Morning Mail.

Mr. HALLEY. How is that Bourke's spelled? B-o-u-r-k-e or B-u-r-k-e?

Mr. KELLY. I couldn't tell you how it is spelled, to tell you the truth. I couldn't tell you, Mr. Halley, how he spells his name, but it is a real Irish name. He always talks about how it is the only way to spell it in Ireland. I didn't come from Ireland, so I don't know. I was born in Chicago. My ancestors did.

So he called Toulis and told Toulis to get ahold of Bourke and have Bourke start a scratch sheet, which they did. It was called the Illinois Sport News. The Illinois Sport News was born between Christmas and, I believe, the 15th of January or the early part of January.

Mr. GALLAGHER. Of 1946?

Mr. KELLY. It started in 1945 or 1946, in between there.

So Ragen used to call on the phone and talk to everybody in the office there, maybe 15 times a day, from Florida. Ragen told everybody in the office to go out and work as hard as they could to get Bourke's scratch sheet started and make sure that it would take the place of the one that Judge Lupe had ordered either thrown into bankruptcy or sold, I am not sure which.

Mr. GALLAGHER. Is Continental selling the news now to Mr. Bourke's scratch sheet?

Mr. KELLY. Yes; Continental Press was selling news now to Mr.—wait a minute, I will straighten that out. I believe Ragen, after the Daily Sports News was closed up, ordered sold by Lupe, I think the Illinois Sports just started, and that was the customer of Continental Press, the new scratch sheet.

That continued that way until Mr. Ragen got back, around the time his brother died. He came in for his funeral. I believed his brother died in February. When he came back in February, about 2 or 3 weeks after his brother died, he came in the office one day and said that somebody had chased him from in front of his house. When everybody heard about that, they didn't know what it was all about.

In fact, half the people thought that the fellow was having a kind of a dream. They didn't figure it was possible. But he said he went to a station out near his house, and then went to the detective bureau at Eleventh and State. When he got to Eleventh and State, the chief of detectives who was in charge there had given him two bodyguards. He showed up at the office with two bodyguards.

In the meantime, I learned later, he called the FBI and had some FBI agents over. He was trying to convince the FBI or he did convince them that these fellows who were operating Trans-American, who were stealing news in Chicago and sending it over an impulse from one State to another, were in violation of a law.

During the next period of about a month, Mr. Ragen spent most of his time in a huddle in his own office with his bodyguards and the FBI.

I am ahead of my story, Senator, please.

Ragen had bodyguards from the detective bureau with him only a short while, and then he hired his own bodyguards, who were ex-policemen, and let the bodyguards that were working for the city go back to their jobs.

There are a lot of things in between here, Senator, that I wasn't around. Ragen had me on the go checking offices, telling offices to stay with them. I was out of town most of the time. He kept me on the hustle. He didn't let me stay around the office.

The CHAIRMAN. You have general information about what took place, so just fill in the whole story with what you know.

Mr. KELLY. If I am not going fast enough, tell me, Senator, because I can speed it up by cutting short, if I have to.

The CHAIRMAN. Go ahead.

Mr. KELLY. I am trying to visualize to you just exactly how much I know about what happened.

Mr. GALLAGHER. Let me put one thing in. Is it true, do I understand you correctly, that during this period in the spring of 1946, before the time Mr. Ragen got shot, he had you on the road going west and elsewhere, to the distributors, saying, "Stay with Continental. Don't go with this other crowd"?

Mr. KELLY. He kept everybody who was around the organization, because he felt he could handle Chicago himself, and he didn't need any help around there. In fact, he would tell you very little of what was going on in Chicago, because he was in with these other people, meaning the FBI. Mr. Ragen was a fellow that, if he was in charge of General Motors, Senator, he would have made more damned cars than they ever made in their life, because he always had one person working against the other. As an illustration, when he was on the Examiner over there, when he came in there, their circulation on Sunday, I think, was 500,000, and he brought it up to 1,200,000 on Sunday by working one man against the other. In fact, he would offer Sunday prizes of \$100 for your division being more than my division, throwing out more papers one Sunday over another one. So he was a great man for that. He kept everybody going pretty good. He had them hustling.

I think we are in about March or April 1946. There was plenty of publicity at this time about the new organization being in business.

Mr. Ragen was reading the newspapers, everything that he could think of. They were writing it up.

Mr. GALLAGHER. Had they taken any customers away from Continental at this time?

Mr. KELLY. No. None left Continental.

Mr. GALLAGHER. Up to that time?

Mr. KELLY. Up to this time. But I know that they were all over the country trying to take customers. We knew that. Ragen knew that, too, because he was in touch with the whole United States at that time.

On June 24, 1946, Mr. Ragen was shot on Thirty-ninth and State Street. This took place around 5:30 at night. I got home about 6 or 6:15. My wife came down and put her arms around me and said, "Thank God you are safe." I said to her, "What's the matter?" She said, "One of Ragen's bodyguards has just called and says that Mr. Ragen has been shot and is being taken into the Michael Rees Hospital at Twenty-ninth and Lake Park Avenue."

I ran into the hotel where we lived, then, and got in a telephone booth and called Mr. Ragen's home. His wife answered the phone, and I asked for the son, Bill Ragen. I told Bill what had happened, that his dad had met with an accident; that he should come down and pick me up and we would go to the hospital together.

Within half an hour, Bill Ragen picked me up, and we went to the hospital. Here Mr. Ragen was lying in the emergency room with three or four bottles of blood plasma that the doctor was giving him. Before we got in there, we had to identify ourselves. The police officers said we were all right, so we went in. Mr. Ragen said, "Hello." Bill said, "Hello." Then the doctor came over and told us, he said, "You are doing Mr. Ragen more harm than you are good by staying in there. I would appreciate it very much if both of you would go outside, and if there is any change, get the family in."

So I recommended to Bill Ragen at that time to call the family and get them down to the hospital, and tell them what had happened. The radios had it, the newspapers had it, and everybody had it, so they would know about it by this time, anyhow. If they didn't know it at that time, they would know it in the near future.

So Bill Ragen called his mother. I don't believe she knew about it at that time. So they came down to the hospital.

At 9 o'clock that night, the doctors announced they were going to take Mr. Ragen up into the operating room. They got Mr. Ragen in the operating room, and the doctors announced that Mr. Ragen would live; that his arm would not have to be amputated; and that the shots that hit him didn't hit his heart and didn't hit any place that was vital.

So part of the family went home, and the other part stayed there, but the doctors told them that there was no way that they could help him. The only thing he would need was peace and quiet in the hospital there, and they recommended that they call the captain at the station and see that there were guards placed at the door. That was done. The guards were placed at the door, and nobody could get in or out to see Mr. Ragen, I believe, for about 20 days.

Meantime, Junior Ragen had called me and we went over to his office, and he asked me how the organization felt. I told him that

everybody was pretty jittery, and nobody knew what the heck to do, but the business was going on all right. So he said, "Do the best you can, and find out just what will happen," words of that meaning. I don't recall whether those were the words, but something along that line.

About the thirty-fifth day that Mr. Ragen was in the hospital, he asked for me to go out and see him, which I did, and the doctor was there, and the doctor said not to stay in there too long, because Mr. Ragen wasn't doing as well as they expected him to do. So I was in there maybe about 2 minutes at the most, and he asked me how the business was. I told him it was the same way as he had left it. He asked me if we had lost any of our distributors, and I told him "No." He asked me where Junior was, and I told him he was at his office. He said, "That is fine. I will call him when I want him."

It was within the next 5 days that complications set in with Mr. Ragen, and the doctors announced that he had diabetes, I believe it was, and something wrong with his kidneys. His kidneys expanded or something, and the walls of the kidneys wouldn't let the urine pass. So Dr. Leiter, I believe, was called in from New York City, N. Y., by one of the doctors in the hospital. He announced an operation on Mr. Ragen, which Bill Ragen told me was necessary.

They operated on Mr. Ragen, and he started sinking, and passed away between 40 or 45 days after he was in the hospital.

At the wake, I was asked by Mrs. Ragen to be one of the pallbearers, and I told her I would be glad to, which I was.

After the funeral, I took a short vacation for about a week or 10 days, I believe.

Wait a minute. I told you, I believe, about Mr. Ragen asking how the business was going when I was in to see him?

The CHAIRMAN. Yes.

Mr. KELLY. I took a short vacation, about a week or 10 days. Meantime, my little girl, Pat, was telling me to get out of the business and stay away from Ragen and stay away from the news business, stay away from everything. She didn't want her dad to get hurt. So I told her, "I don't think anything will happen to me. I have done nothing to nobody. If they want to kill anybody for trying to make a living, they will kill me whether I am here or any other place." She was a girl then, I think, about 14 years old, 13.

So I went back into Chicago. They were out at Lake Lawn, Ill. I went back to Chicago.

There is something else Mr. Ragen told me when I was in there. If I had any problems, to make sure I got hold of the law firm of Con-cannon, Dillon & Arthur; that Mr. Arthur was a young fellow who had a good legal mind and would direct the organization in the right direction.

The CHAIRMAN. Is that a Chicago firm?

Mr. GALLAGHER. Yes.

Mr. KELLY. This is a firm here in Chicago. Mr. Arthur was appointed, I believe, by the Ragens, who were the trustees of the estate. The law firm was appointed to handle Mr. Ragen's estate.

Junior Ragen called me over to his office, and asked me if I would take care of the business until they found out what they were going to do with it, and who was going to be elected to run it. He also told

me that if there were any problems around, to make sure that Mr. Arthur, from Concannon, Dillon & Arthur, sat in on them.

I didn't see Junior Ragen after that. I believe, for quite a while. This was in the latter part of August, I believe.

In September, the latter part of September, there was a letter came in to the Continental Press from Simon Partnoy, of Kansas City, asking Continental Press to discontinue his service; that he didn't want it any more. When the letter came in the office, I called Arthur's office and made a date to see him. I went over and talked to him about it. Arthur said to me, "About how much money were we getting out of Kansas City?" I believe, Senator, if my mind is working the way it should be, I think it was around \$1,000. It was in that area, anyhow, \$1,000 a week. With the tax, it probably would be \$1,080.

Mr. GALLAGHER. Was that the first customer to leave Continental?

Mr. KELLY. That was the first customer to leave Continental Press.

The next thing we knew, Continental Press lost—there was an argument in St. Louis between Gully Owen and Bev Brown. Bev Brown—his nickname was "Bev." That is what they used to call him. I think his right name is Paul Brown. His son is Bill, I believe. So Bev. Brown and Gully Owen had an argument, and they split the organization up, they split, I think the Pioneer News it was at that time. They split the Pioneer News up. Mr. Brown, Bev. whichever you wish to call him, left and went in business for himself. But the Continental customer was still Mr. Gully Owen and I believe Mr. Molasky. So we didn't lose the customer in St. Louis. We lost the revenue. I don't recall how much we lost there. It wasn't too much that we lost. I am not too good on whether we lost it all or lost part of it. Anyhow, we didn't lose the customer. We had the customer but were getting very little money out of him.

This brings us up, Senator—

The CHAIRMAN. Then you lost New Orleans?

Mr. KELLY. No; not at this time. We had New Orleans up until around Christmas of that year, sir. It didn't go out until around Christmas or the first of the year. I believe that is when we lost it—the first of the year, 1947.

Mr. GALLAGHER. Did you lose Nevada?

Mr. KELLY. Continental had no wire in Nevada. I don't know whether we lost Nevada. Continental did have a wire in there. A fellow by the name of Paul Elmer was running it there. I think we had a wire in Nevada, but no customers. I think we lost all the customers. I think that is the way that was.

The same situation there, probably, as was in St. Louis.

The next thing that went off was New Orleans. In the meantime, I was contacting Arthur every day, telling him what was happening, and the final customer that we lost, New Orleans. Arthur had me meet him in Chicago here at the bar association lunchroom. Arthur told me at that time, he said, "Tom, you have lost some customers. What you should do is reduce the rates of all the subscribers so they can't take any more of your customers."

So the rates were reduced to all the subscribers. All the subscribers' rates were reduced. That is the last time we lost any customers, New Orleans. That was the last. I believe that was around the first of the year, 1947.

Meantime, the Illinois News was going along. Midwest News was going along. Continental Press is losing money—not losing money, but their revenue has dropped down to practically, I would say, half what it was before.

MR. GALLAGHER. Inasmuch as Mr. Kelly has been going along now on a chronology basis, before you ask any questions, I think in the chronology, if I recollect correctly, that is when your brother brought in Ferguson. It was either the Illinois Sports Digest or the Illinois News. Why don't you tell them about that? Are you at the latter part of 1946 when that was done?

MR. KELLY. That is right. Mr. Bourke, who owned the Illinois Sports News, either was carried in Mercy Hospital at Twenty-sixth and Prairie or was brought there by a friend.

MR. HALLEY. In Chicago?

MR. KELLY. In Chicago.

THE CHAIRMAN. What do you mean "carried in"? Shot?

MR. KELLY. No. He collapsed, I think, Senator. If you had seen Mr. Bourke, you would know he is a very sick man. He is a fellow, I would say, right now he must be about 70 years old—72 years old. I think he was maybe 100 pounds—110 pounds.

MR. HALLEY. Had he previously been assaulted in Kansas City?

MR. KELLY. Not this Bourke; no. I don't believe this Bourke was ever in Kansas City.

MR. HALLEY. Is that another Bourke who was beaten up?

MR. KELLY. I think that was his son. I don't know whether he was beaten up or not, but his son had returned here from the Philippines and he had malaria. He used to drink pretty good.

MR. GARRETT. While you are mentioning these towns, you say nothing about Chicago. What happened in Chicago?

MR. KELLY. What happened in Chicago in what period?

MR. GARRETT. In the period when you lost the Kansas City distributor and ran into competition in St. Louis, that period along there.

MR. GALLAGHER. That is when the Illinois Press Association got into it.

MR. KELLY. The Illinois News Association, I believe. I will get on with the story on the Illinois Sports News.

So Mr. Bourke called me, and I went down to see him at the hospital. He said he wanted to get out of the business. He didn't care if he gave the business away; he wanted to get out. I asked him why. I said, "Tom, why do you want to get out?" I said, "You have a pretty good organization."

He said, "The hell with it, I want to get out of it. It is too much for me. I am getting old, anyhow. I don't want this business to kill me because there is too much work."

I asked him, "Well, why don't you go away for a little while?"

He said, "That is what I plan to do, but I want to get rid of the business."

So that night, after I left Mr. Bourke, I ran into my brother, George Kelly, who I believe at that time worked for the Illinois Sports News, and asked him if he cared to go in the scratch sheet business. He said he would be tickled to death to. So there was a deal made between Bourke and my brother George for \$1,000 down and \$500 a week for 5 years to Mr. Bourke.

After that deal was completed, I left with Mr. Bourke for Florida. Mr. Bourke stayed down in Florida at that time at a hotel on Biscayne Boulevard, on the corner of Biscayne Boulevard and Flagler, whatever the name of the hotel is.

Mr. HALLEY. McAlister?

Mr. KELLY. That sounds like the name. McAlister, I believe.

Mr. GALLAGHER. Let me ask you this: What did Mr. Bourke sell to George Kelly; the Illinois News, the scratch sheet, is that correct?

Mr. KELLY. He sold the Illinois News and the Illinois News Association.

Mr. GALLAGHER. One was a scratch sheet and the other was a distribution service?

Mr. KELLY. One was a distribution service that people would call in for results. He had telephones, and what they called by-lines.

Mr. GALLAGHER. People in Chicago would call in?

Mr. KELLY. That is right. People in Chicago. It was a local situation.

Mr. Bourke and I were in Florida. We were down there for about 2 months, not quite that long, I don't believe, and Mr. Arthur, of Con-cannon's office—I am getting off Illinois Sports News now; I am getting where Bourke and I went to Florida.

Mr. GALLAGHER. Go ahead.

Mr. KELLY. We were back in Florida, and Mr. Arthur, from Con-cannon's office, called and said that he wanted to talk to somebody connected with it. I asked him what the reason was. He said that Mr. Ragen and the estate wanted to sell out of the Continental Press. I told him I couldn't make the deal myself, but I would contact Mr. McBride, who is Edward McBride's father.

I contacted Mr. McBride and told him what was taking place. So he asked me where Mr. Arthur was staying, I believe, at that time. The best of my recollection is that Mr. Arthur stayed up on Seventy-first Street around Collins Avenue, off Collins Avenue maybe 2 or 3 blocks. So Mr. McBride and I contacted Mr. Arthur, and Arthur said that the Ragens wanted to dispose of their 66⅔ of Continental Press.

Arthur advised Mr. McBride, which Arthur told me later, that the contract that the Ragens had with Eddie McBride was that you could not sell the Continental Press to any outsider until you offered it to the other partner, which he was doing at that time.

I believe Mr. Arthur left then for Chicago. He got back to Chicago and was told by Mr. McBride—I believe in Florida. Junior Ragen had come to Florida and stayed at a hotel at Sixty-first and Collins, by the name of Towers or Tower, I don't know, something like that. Ragen, Arthur, McBride, and myself, I believe, went for a ride. I am not sure whether Ragen came there that time or it was later, but it is all right if I put it that way, Senator?

The CHAIRMAN. That is all right.

Anyway, the rest of it is about the sale of the stock by the Ragen estate and Ragen, Jr., to McBride; is that correct?

Mr. GALLAGHER. Yes.

(Discussion off the record.)

(Witness Kelly excused until the following day.)

The CHAIRMAN. Mr. Silverberg, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SILVERBERG. I do.

TESTIMONY OF MAX SILVERBERG, BELMONT HOTEL, CHICAGO, ILL.

The CHAIRMAN. What is your name and address?

Mr. SILVERBERG. Max Silverberg, Belmont Hotel.

Mr. HALLEY. Mr. Silverberg, what is your occupation?

Mr. SILVERBERG. I am in the catering business.

Mr. HALLEY. How long have you been in that business?

Mr. SILVERBERG. About 20 years.

Mr. HALLEY. Have you any other business?

Mr. SILVERBERG. No, sir.

Mr. HALLEY. Have you ever been associated with Sportsman's Park race track?

Mr. SILVERBERG. No, sir; outside of having a contract for the concession.

Mr. HALLEY. What kind of contract have you for the concession?

Mr. SILVERBERG. I have a contract. The last one I had was for 5 years, and it expires next year.

Mr. HALLEY. You have one that expires next year?

Mr. SILVERBERG. Yes, sir.

Mr. HALLEY. For what is that contract? What do you provide, and what do you get?

Mr. SILVERBERG. We provide food and beverages. We have the exclusive concession at the race track, everything that is sold there, like beverages, cigars.

Mr. HALLEY. Is there a restaurant there?

Mr. SILVERBERG. Yes.

Mr. HALLEY. Do you take care of the restaurant?

Mr. SILVERBERG. Yes, sir.

Mr. HALLEY. Do you actually run it, or just sell the food? Do you prepare the food and serve it?

Mr. SILVERBERG. We prepare it; yes, sir.

Mr. HALLEY. You have various stands where food is served?

Mr. SILVERBERG. Various stands, bars, cigar stands.

Mr. HALLEY. How large a contract is that? What do you pay for that privilege?

Mr. SILVERBERG. At this particular place that we are talking about?

Mr. HALLEY. Yes, the one at Sportsman's Park.

Mr. SILVERBERG. We pay 1,162 a day, or 1.163.

Mr. HALLEY. One thousand one hundred and sixty-three dollars?

Mr. SILVERBERG. One thousand one hundred and sixty-something dollars.

Mr. HALLEY. Do you give a share of the profits, too?

Mr. SILVERBERG. That is the flat rental at that place.

Mr. HALLEY. Do you have similar concessions at any dog track in Florida?

Mr. SILVERBERG. Yes, sir.

Mr. HALLEY. What track?

Mr. SILVERBERG. We have four dog tracks in Florida.

Mr. HALLEY. Which are they?

Mr. SILVERBERG. They are Miami Beach Kennel Club, Jacksonville Kennel Club, Tampa dog track, and Orange Park Kennel Club.

Mr. HALLEY. They are the four that are operated by Bill Johnston, is that right?

Mr. SILVERBERG. Yes, sir.

Mr. HALLEY. Since when have you had any of those concessions?

Mr. SILVERBERG. You mean how long have I had them?

Mr. HALLEY. Yes.

Mr. SILVERBERG. Tampa, the first one I had, I think was in 1933. Jacksonville and Miami Beach was either 1934 or 1935. Orange Park is a new one. It was built 3 years ago. I think it has existed 3 years.

Mr. HALLEY. When did you first get your contract with the Sportsman's Park?

Mr. SILVERBERG. In 1932.

Mr. HALLEY. With whom did you negotiate that?

Mr. SILVERBERG. O'Hare.

Mr. HALLEY. Ralph O'Hara?

Mr. SILVERBERG. No. Edward O'Hare.

Mr. HALLEY. Had you known him previously?

Mr. SILVERBERG. No.

Mr. HALLEY. How did you happen to get the contract?

Mr. SILVERBERG. I knew they were building a track there, and I made a bid for it. I submitted proposals. At the time, I had other concessions in Chicago and various other places.

Mr. HALLEY. Where did you have concessions at that time?

Mr. SILVERBERG. That was on the Navy pier in the city of Chicago on a contract.

Mr. HALLEY. Did you have any other race track?

Mr. SILVERBERG. No, sir.

Mr. HALLEY. Any other dog track at that time?

Mr. SILVERBERG. No.

Mr. HALLEY. None whatsoever?

Mr. SILVERBERG. No. I had North Side beaches, city of Chicago beaches.

Mr. HALLEY. You have held those concessions ever since?

Mr. SILVERBERG. Yes, sir.

Mr. HALLEY. How long have you been in the catering business?

Mr. SILVERBERG. I have been in this since 1932. Previous to that, there were different types of concessions. I had some on subcontracts, restaurants, and so forth. I have been in it practically all my life. I used to work for the Union News Co. previous to that, in the twenties. I ran some stands for them. I was a news butch on the railroad when I was a young kid.

Mr. HALLEY. When did you open your own business?

Mr. SILVERBERG. In 1932. Previous to that, I didn't have—I had small places; 1932 was the year that I started with bigger concessions, like Sportsman's.

Mr. HALLEY. Then your Sportsman's Park was your first big concession?

Mr. SILVERBERG. That was the first big one; yes, sir.

Mr. HALLEY. Prior to that, did you have any business at all in any name that can be identified?

Mr. SILVERBERG. In my own name on these subcontracts; yes, I did.

Mr. HALLEY. For whom did you have subcontracts?

Mr. SILVERBERG. From George B. Levee on the Navy pier.

Mr. HALLEY. Is that here in Chicago?

Mr. SILVERBERG. Yes, sir.

Mr. HALLEY. And what was your subconcession there?

Mr. SILVERBERG. I had the restaurants at the Navy pier.

Mr. HALLEY. Did you operate them yourself?

Mr. SILVERBERG. Yes, sir.

Mr. HALLEY. How many restaurants?

Mr. SILVERBERG. One large one and two small ones.

Mr. HALLEY. You were the sole operator?

Mr. SILVERBERG. Yes, sir.

Mr. HALLEY. Did you have partners?

Mr. SILVERBERG. No.

Mr. HALLEY. When you got your concession at Sportsman's Park, what was your arrangement? Did you have any partners?

Mr. SILVERBERG. I had partners. My brother, Isadore Silverberg.

Mr. HALLEY. Anyone else?

Mr. SILVERBERG. No.

Mr. HALLEY. Did you borrow any money from anybody at that time in order to make the arrangements?

Mr. SILVERBERG. No.

Mr. HALLEY. In 1948, did you lend some money to Hugo Bennett?

Mr. SILVERBERG. Yes, sir.

Mr. HALLEY. How much did you lend to him?

Mr. SILVERBERG. \$15,000.

Mr. HALLEY. Will you explain just how that happened?

Mr. SILVERBERG. Bennett asked me for this money. He had to make an investment. I loaned it to him. That is the only circumstance.

Mr. HALLEY. Did you get a note?

Mr. SILVERBERG. Yes, sir.

Mr. HALLEY. Do you have it here?

Mr. SILVERBERG. Yes, sir.

Mr. HALLEY. Did you get any collateral?

Mr. SILVERBERG. No, not outside of the note. This is the check.

Mr. HALLEY. That is your check to Bennett?

Mr. SILVERBERG. Yes. I have some previous checks that I loaned him some previous times.

Mr. HALLEY. May we have that, too?

Mr. SILVERBERG. This is one in 1944. I loaned him \$5,000 that time.

Mr. HALLEY. In 1944?

Mr. SILVERBERG. Yes. He paid be back in a year or a year and a half, in two payments.

(Photostats of checks and note are identified as exhibit No. 38, and appear in appendix on p. 1384.)

Mr. HALLEY. What did he need the money for in 1944?

Mr. SILVERBERG. Also for some investments. Later on I found out he bought some stock or some interest in tracks with that \$5,000.

Mr. HALLEY. Did you ever find out what the loan was for in 1948?

Mr. SILVERBERG. No, sir, I didn't.

Mr. HALLEY. That was a lot of money, \$15,000, was it not?

Mr. SILVERBERG. Well, I tell you, I have known this man since he has been there. He has been a bookkeeper at that track since I think 1932

or 1933, when it opened, the early part. To me, he was a good financial risk. I loaned him \$3,000 when he built the house. That was in 1934 or 1935, maybe it was 1936. It was in the thirties. He paid me about a thousand dollars a year. He paid it back.

Mr. HALLEY. How long did it take him to pay you the \$5,000 back?

Mr. SILVERBERG. About a year or a year and a half. He made it in two payments. He gave me a \$2,000 check once, and then he gave me a \$3,000 check.

Mr. HALLEY. Did he pay you interest on the \$5,000?

Mr. SILVERBERG. No, sir.

Mr. HALLEY. No interest?

Mr. SILVERBERG. No, sir.

Mr. HALLEY. No interest due on the \$15,000?

Mr. SILVERBERG. No, sir. I didn't ask him for any interest.

Mr. HALLEY. You just loaned him the money?

Mr. SILVERBERG. Yes, sir.

Mr. HALLEY. Has he paid back any of the \$15,000?

Mr. SILVERBERG. No, sir.

Mr. HALLEY. Have you asked for any payment?

Mr. SILVERBERG. Well, since this situation came up, I asked him for it. I said under the circumstances. He said he was sorry to embarrass me so bad. I didn't know who he was going to give it to, you see. He said he is going to get some bonuses the first of the year, approximately. He has some coming. He is going to give me a substantial payment on it.

He also told me in 1951 he will be in better condition and be able to pay the balance or part of the balance of what he owes me.

Mr. HALLEY. From 1948 to date, for a period of 2 years, you have not asked for any of your money back or gotten any of it back?

Mr. SILVERBERG. No, sir.

Mr. HALLEY. No partial payments?

Mr. SILVERBERG. No, sir.

Mr. HALLEY. Bennett never was a man of any means; is that correct?

Mr. SILVERBERG. Bennett owns a house in Miami that I think is worth about \$30,000. I know he has a substantial salary at that track. I knew that he had investments in various tracks.

Mr. HALLEY. Did you wonder why he had to borrow from you, then?

Mr. SILVERBERG. Because he wanted to make some more investments. He was also trying to buy some stock.

Mr. HALLEY. Did he tell you whether he was borrowing from anybody else, as well?

Mr. SILVERBERG. No; he didn't.

Mr. HALLEY. Did you consider this loan after he asked for it, or did you just write your check right out?

Mr. SILVERBERG. I did consider it overnight, one day. He came back the next day and talked to me about it. He came back and said, "How about it?" And I gave it to him.

Mr. HALLEY. What were your net profits from your operations at the various tracks last year?

Mr. SILVERBERG. Last year, \$68,000 I made, my part of it.

Mr. HALLEY. What do you mean, "your part of it"?

Mr. SILVERBERG. There is a partnership there.

Mr. HALLEY. You and your brother?

Mr. SILVERBERG. Yes, sir.

Mr. HALLEY. Are you 50-50 partners?

Mr. SILVERBERG. Yes, sir.

Mr. HALLEY. So your company made \$136,000?

Mr. SILVERBERG. Twice that amount, yes, sir; twice \$68,000.

Mr. HALLEY. What rental do you pay at the dog tracks?

Mr. SILVERBERG. There is one dog track that we pay 20 percent, one we pay 25 percent, and one 30 percent. At different places we have different rates. We got them from different owners.

Mr. HALLEY. Is that percentage of gross?

Mr. SILVERBERG. Percentage of the gross receipts; yes, sir.

Mr. HALLEY. That is rent?

Mr. SILVERBERG. There is a differential there in cigars and cigarettes. That is 10 percent.

Mr. HALLEY. Isn't that a high rental?

Mr. SILVERBERG. Thirty percent is high. We asked for a reduction last year on that one place that has 30 percent, and they turned it down. So we still pay 30 percent.

Mr. HALLEY. Did anybody else speak to you about the loan you made to Bennett before you made it?

Mr. SILVERBERG. No, sir.

Mr. HALLEY. Did you discuss it with William Johnston?

Mr. SILVERBERG. No, sir.

Mr. HALLEY. How long have you known William Johnston?

Mr. SILVERBERG. I have known William Johnston since he has been at that track; Sportsman's Park.

Mr. HALLEY. How long have you known John Patton?

Mr. SILVERBERG. I have known him since he has been at that track. Years ago he was there.

Mr. HALLEY. Where is John Patton now?

Mr. SILVERBERG. I couldn't tell you.

Mr. HALLEY. When did you last see him?

Mr. SILVERBERG. I saw him in Miami Beach last year.

Mr. HALLEY. Where?

Mr. SILVERBERG. At the dog track. I see him every year down at that dog track; every year he is there.

Mr. HALLEY. Do you personally spend your time at the tracks?

Mr. SILVERBERG. Yes, sir.

Mr. HALLEY. Do you know Jack Guzik?

Mr. SILVERBERG. No.

Mr. HALLEY. Do you know Murray Humphreys?

Mr. SILVERBERG. No.

Mr. HALLEY. Did you know Patton before you got your first lease at the track?

Mr. SILVERBERG. No.

Mr. HALLEY. Did you know O'Hare before you got your first lease at the track?

Mr. SILVERBERG. No, sir.

Mr. HALLEY. You just went there on the merits and asked for the contract?

Mr. SILVERBERG. Yes, sir.

Mr. HALLEY. You have been there ever since on that basis?

Mr. SILVERBERG. Yes, sir.

Mr. ROBINSON. When Bennett came to you the following morning, did he seem very urgent about getting the check?

Mr. SILVERBERG. It is difficult to remember how he looked, or anything like that. I couldn't remember that.

The CHAIRMAN. He was pretty anxious to get it; was he not?

Mr. SILVERBERG. I couldn't be sure about that at that time.

Mr. ROBINSON. Do you know Fred Morelli?

Mr. SILVERBERG. No, sir.

Mr. ROBINSON. You never had any business with him?

Mr. SILVERBERG. No, sir.

Mr. ROBINSON. Alvin J. Goldberg?

Mr. SILVERBERG. No.

Mr. ROBINSON. You don't know him?

Mr. SILVERBERG. No.

The CHAIRMAN. Mr. Silverberg, have you had any criminal record?

Mr. SILVERBERG. No, sir.

The CHAIRMAN. Have you ever been arrested?

Mr. SILVERBERG. Well, there was an argument onetime in a jewelry store, away back—it must be 25 or 30 years ago, right here in Chicago—that was about a \$20 proposition. A man bought some merchandise. At the time, I was working in that jewelry store. I didn't work there very long. Four or five of us all went to court. It was all dismissed.

The CHAIRMAN. You did not get convicted?

Mr. SILVERBERG. No, sir. That is the only time.

The CHAIRMAN. That is the only time?

Mr. SILVERBERG. Yes, sir.

The CHAIRMAN. All right, thank you, Mr. Silverberg.

The CHAIRMAN. Mr. McCullough, do you solemnly swear the testimony you will give the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McCULLOUGH. Yes, sir.

TESTIMONY OF ROBERT McCULLOUGH, CEDAR LAKE, IND.

Mr. HALLEY. What is your full name?

Mr. McCULLOUGH. Robert McCullough.

Mr. HALLEY. Your address?

Mr. McCULLOUGH. Cedar Lake, Ind.

Mr. HALLEY. Your business?

Mr. McCULLOUGH. What?

Mr. HALLEY. What is your business?

Mr. McCULLOUGH. Business—race track.

Mr. HALLEY. Doing what?

Mr. McCULLOUGH. Parking lot and chief of police.

Mr. HALLEY. What was the last position you have held?

Mr. McCULLOUGH. The last position, chief of police.

Mr. HALLEY. Where?

Mr. McCULLOUGH. Miami Beach, and Sportsman's Park.

Mr. HALLEY. Miami Beach Kennel Club and Sportsman's Park Track?

Mr. McCULLOUGH. That is right.

Mr. HALLEY. Are you still employed at those places?

Mr. McCULLOUGH. No, sir. I have seen in the paper that I have been fired.

Mr. HALLEY. Have you been officially notified that you have been fired?

Mr. McCULLOUGH. No. I seen it in the paper.

Mr. HALLEY. Why do you think you were fired?

Mr. McCULLOUGH. The papers said I was fired. The commissioners ruled that they don't want me on the track any more, the papers said.

Mr. HALLEY. How long were you chief of police at those two tracks?

Mr. McCULLOUGH. Well, I started in 1927 at Sportsman's Park dog track.

Mr. HALLEY. As chief of police?

Mr. McCULLOUGH. And they ran 3 years a dog track. Then they closed up for a year or two. Then they legalized horse racing. I went right back in again at the horse track. I went to Miami Beach, Fla., I think 18 or 20 years ago and was chief of police there for 18 or 20 years.

Mr. HALLEY. Where was your home?

Mr. McCULLOUGH. My home, 6746 South Halstead.

Mr. HALLEY. That is now. Where was your home in 1927?

Mr. McCULLOUGH. 1927?

Mr. HALLEY. In what city did you live, Chicago?

Mr. McCULLOUGH. Chicago, yes.

Mr. HALLEY. Were you born here?

Mr. McCULLOUGH. Yes; I was born here.

Mr. HALLEY. In what part of Chicago were you brought up?

Mr. McCULLOUGH. South side.

Mr. HALLEY. How did you get your job in 1927?

Mr. McCULLOUGH. 1927, with Mr. O'Hare.

Mr. HALLEY. Who recommended you to him?

Mr. McCULLOUGH. I was out there. They were building up the track. I went out there and was watching them build up the track, and talking to Eddie O'Hare, his coming from St. Louis. He told me he needed a pretty good man to keep some of the books of the race track. He said he came up from St. Louis, where he had a track, and had a lot of trouble with bookmakers. He said, "Would you like the job?" And I said, "Sure, I will take the job."

Mr. HALLEY. What was your previous experience?

Mr. McCULLOUGH. Before 1927? I was fooling around with the beer business.

Mr. HALLEY. What do you mean by "fooling around" with it?

Mr. McCULLOUGH. I was watching the breweries for the fellows who pulled beer out.

Mr. HALLEY. For Capone?

Mr. McCULLOUGH. Well, yes, Capone.

Mr. HALLEY. Were you a guard?

Mr. McCULLOUGH. You would call that a guard, I guess. Lookout man. I just rode around the brewery to see if there were any Government men sneaking around.

Mr. HALLEY. Did you ever escort trucks?

Mr. McCULLOUGH. No; I—once in a while they were short of men, and I would take something over to Forty-third and Ridge Street, very seldom.

Mr. HALLEY. What was the set-up on that beer business? What was the general organization?

Mr. McCULLOUGH. I don't know much about that.

Mr. HALLEY. Who hired you?

Mr. McCULLOUGH. Al hired me. He hired me as a lookout man.

Mr. HALLEY. How long had you known Al?

Mr. McCULLOUGH. Oh, I would say since 1923. I guess, almost the first time he came here, 1921. Close to 1921 or 1922. I just don't know.

Mr. HALLEY. Did you spend your time at the Lexington Hotel?

Mr. McCULLOUGH. I lived there when I was working there, for a while, working around the breweries. When I worked at the dog track, I lived there.

Mr. HALLEY. Around 1923 you went to work looking out?

Mr. McCULLOUGH. Yes, sir; somewhere in there.

Mr. HALLEY. How long did you work for him, right up until 1927?

Mr. McCULLOUGH. Yes; 3 or 4 years.

Mr. HALLEY. Was it Al who told O'Hare that you were a good man to have around?

Mr. McCULLOUGH. No.

Mr. HALLEY. How did O'Hare find out you were a good man?

Mr. McCULLOUGH. I don't know. I never asked him.

Mr. HALLEY. Had you worked around race tracks before?

Mr. McCULLOUGH. No; that was the first time I had ever seen one.

Mr. HALLEY. Had you known anything about bookies up to that time?

Mr. McCULLOUGH. No; I didn't.

Mr. HALLEY. What business were you in before prohibition?

Mr. McCULLOUGH. I drove a paper wagon 10 years.

Mr. HALLEY. How old are you?

Mr. McCULLOUGH. Fifty-eight.

Mr. HALLEY. When prohibition came in, you were about 26 or 27 years old?

Mr. McCULLOUGH. I suppose so; yes.

Mr. HALLEY. You say you were driving a paper wagon?

Mr. McCULLOUGH. For about 10 years, from 1910 to about 1919 or 1920.

Mr. HALLEY. Who were you working for?

Mr. McCULLOUGH. I was working—first, I went to work for the Post, and then I went to work for the Journal. Then I went to work for the Chicago American.

Mr. HALLEY. Then when prohibition came in, you went to work for—

Mr. McCULLOUGH. No; I had a little trouble at the Chicago American. I was division boss. I was boss of all the drivers. I got in a little trouble with one of the bosses, and I quit. I went to tending bar at Seventy-first and Chicago Avenue for about a year.

Mr. HALLEY. What was that business?

Mr. McCULLOUGH. Bartender. A fellow named George Brown.

Mr. HALLEY. Was that the same George Brown with Bioff?

Mr. McCULLOUGH. Oh, no.

Mr. HALLEY. You know, the movie extortion case. It is a different Brown?

Mr. McCULLOUGH. A different Brown.

Mr. HALLEY. Then you went to work for Al right after that?

Mr. McCULLOUGH. I met him, 1921 or 1922; I forget. He asked me if I wanted a job out at the Roamers Inn, out on the other side of Blue Island. I said, "I will go out and look it over."

I went out and looked it over, and it looked like a pretty good job.

Mr. HALLEY. What was your first job there?

Mr. McCULLOUGH. Tending bar. It was a roadhouse.

Mr. HALLEY. At that time, did you move into the Lexington yet?

Mr. McCULLOUGH. I lived out there then.

Mr. HALLEY. Out at the roadhouse?

Mr. McCULLOUGH. That is right.

Mr. HALLEY. How long were you there?

Mr. McCULLOUGH. About a year and a half, until I went to work on this job, the lookout job.

Mr. HALLEY. How long were you on that lookout job; right up to 1927?

Mr. McCULLOUGH. Yes.

Mr. HALLEY. During all that time, you lived at the Lexington?

Mr. McCULLOUGH. Yes; I guess I did. Between my mother's and the Lexington. I lived at my mother's quite a while.

Mr. HALLEY. Who else lived at the Lexington with Al at the time?

Mr. McCULLOUGH. Quite a bunch of them.

Mr. HALLEY. Tony Accardo?

Mr. McCULLOUGH. No.

Mr. HALLEY. Jack Guzik?

Mr. McCULLOUGH. I saw him around there. I don't think he lived there.

Mr. HALLEY. Murray Humphreys?

Mr. McCULLOUGH. Not at that time.

Mr. HALLEY. Who were some of the fellows? Fischetti?

Mr. McCULLOUGH. He was around, Charlie was around there; yes.

The CHAIRMAN. Did Charlie live there?

Mr. McCULLOUGH. I don't know if he lived there; no, I don't know. Al was kind of alone there at that time. He had only three or four fellows at that time.

The CHAIRMAN. Who were the three or four, besides yourself?

Mr. McCULLOUGH. I just don't know who they were. He lived down on another floor.

The CHAIRMAN. Sam Hunt?

Mr. McCULLOUGH. No; not Sam Hunt. He came along afterward.

The CHAIRMAN. Campagna?

Mr. McCULLOUGH. No.

The CHAIRMAN. Ricca?

Mr. McCULLOUGH. Ricca? Who is Ricca?

The CHAIRMAN. DeLucia.

Mr. McCULLOUGH. You mean Paul?

The CHAIRMAN. Paul, the waiter.

Mr. McCULLOUGH. He used to come around every once in a while.

The CHAIRMAN. Who did live there?

Mr. McCULLOUGH. Al was the one who lived there. I forget who lived with him. He had only two or three men with him.

The CHAIRMAN. You were there?

Mr. McCULLOUGH. Well, I didn't pay no attention to who they were.

The CHAIRMAN. Anyway, in 1927 you went out to the track?

Mr. McCULLOUGH. That is right.

The CHAIRMAN. And you worked at a police department? Did Al recommend you to O'Hare?

Mr. McCULLOUGH. No. He just took a liking to me.

The CHAIRMAN. Did you get to meet John Patton out there?

Mr. McCULLOUGH. I saw him around out there; yes.

The CHAIRMAN. Had you known him previously?

Mr. McCULLOUGH. Yes; I knew him from Burnham.

The CHAIRMAN. Did you hang out in Burnham?

Mr. McCULLOUGH. I fought out there a couple of times.

The CHAIRMAN. Were you a fighter?

Mr. McCULLOUGH. Yes.

The CHAIRMAN. Patton was connected with the track, too; is that right?

Mr. McCULLOUGH. I don't know. I have seen him around there. I don't know whether he was connected or not.

The CHAIRMAN. At what point did Bill Johnston get into the track?

Mr. McCULLOUGH. What time did he come in?

The CHAIRMAN. Yes.

Mr. McCULLOUGH. It was quite a while after it opened. I guess during the horse business he got in.

The CHAIRMAN. What do you mean by the horse business?

Mr. McCULLOUGH. When they legalized horses. That was about 1931 or 1932.

The CHAIRMAN. What was his first job there?

Mr. McCULLOUGH. I don't know. I think he worked in the mutual department.

The CHAIRMAN. Did Bennett come in about the same time?

Mr. McCULLOUGH. No. There was a fellow named Jack Rinada.

The CHAIRMAN. Jack Rinada was an auditor?

Mr. McCULLOUGH. That is right.

The CHAIRMAN. Then Bennett came in and worked as a clerk; is that right?

Mr. McCULLOUGH. I don't know.

The CHAIRMAN. Then something happened. Rinada got fired and Bennett got his job; is that not right?

Mr. McCULLOUGH. I don't know. The only time I knew Bennett, he was the auditor. I didn't know whether he was clerk or not. I didn't meet Bennett until a long time afterward.

Mr. HALLEY. At what point did you begin working at the Miami Beach Club?

Mr. McCULLOUGH. At what point? What year?

Mr. HALLEY. What year.

Mr. McCULLOUGH. Back 18 or 20 years ago.

Mr. HALLEY. Who gave you your first job there?

Mr. McCULLOUGH. Eddie O'Hare.

Mr. HALLEY. Did Eddie O'Hare hang out at the Lexington, too?

Mr. McCULLOUGH. No.

Mr. HALLEY. He knew Capone, didn't he?

Mr. McCULLOUGH. I don't know if he did or not.

Mr. HALLEY. You saw him with Capone, didn't you?

Mr. McCULLOUGH. No; I didn't; no.

Mr. HALLEY. You never saw Eddie O'Hare with Capone?

Mr. McCULLOUGH. No; I didn't.

Mr. HALLEY. Were you with Eddie O'Hare when he was killed?

Mr. McCULLOUGH. No; I wasn't.

The CHAIRMAN. How did you get to know Eddie O'Hare? How did you get to know him?

Mr. McCULLOUGH. They were talking about the dog track being built up out there, and I went out to see it.

The CHAIRMAN. You had a perfectly good job at the time, working with Capone?

Mr. McCULLOUGH. Not too good. It wasn't too good.

The CHAIRMAN. You would not just walk out on a fellow like Capone?

Mr. McCULLOUGH. Yes; I would. When I can get something a little better and a little easier, I surely would.

The CHAIRMAN. You could not get away with it if he did not want you to?

Mr. McCULLOUGH. I don't know. I guess you could.

The CHAIRMAN. Capone knew you were out there with O'Hare, though, did he not?

Mr. McCULLOUGH. Yes; he knew that.

The CHAIRMAN. He did not object to it?

Mr. McCULLOUGH. I just told him I would like to take this job at Sportsman's Park. They called it a kennel club. I forget the name of the dog track.

The CHAIRMAN. What was your salary at the Sportsman's Park?

Mr. McCULLOUGH. Sportsman's Park? The dog track or the horse track?

The CHAIRMAN. The horse track.

Mr. McCULLOUGH. \$20 a day. I started at \$15.

Mr. WHITE. Did you have the parking concession there?

Mr. McCULLOUGH. Yes.

Mr. WHITE. What was your salary at the dog track down South?

Mr. McCULLOUGH. \$20 a day. I am getting \$25 a day at Sportsman's Park now. And down at Miami Beach dog track, I was getting \$20 a night.

Mr. HALLEY. When did you first get the parking concession?

Mr. McCULLOUGH. The parking concession, I got 10 years ago, I guess, 10 or 11 years ago.

Mr. HALLEY. At both tracks?

Mr. McCULLOUGH. I ain't got the parking concession at the dog track.

Mr. HALLEY. Just up here at Sportsman's?

Mr. McCULLOUGH. Yes.

Mr. HALLEY. What do you pay for that?

Mr. McCULLOUGH. I don't pay anything. I just keep the park in shape. It was always in bad shape. It was just like—there is a sunk-in place, and every year you have to spend money to keep it in shape. It was one of those swamps out there. There wasn't much money to be made out there in the last few years.

Mr. HALLEY. What did you make on the concession last year?

Mr. McCULLOUGH. Last year? I would say around \$50 or \$75 a day, average.

Mr. HALLEY. Have you ever been a deputy sheriff in connection with your police job?

Mr. McCULLOUGH. Deputy sheriff, no.

Mr. HALLEY. Or have you had any official position?

Mr. McCULLOUGH. No.

Mr. HALLEY. How do you enforce order at the track?

Mr. McCULLOUGH. We have signs up there that we are allowed to put anybody off that we don't conceive to be fit to be on the track, like bookmakers, touts, pickpockets, people who are disturbing people.

Mr. HALLEY. Do you carry guns on the track?

Mr. McCULLOUGH. No. We have people—it is not permissible to carry guns.

Mr. HALLEY. You don't carry one?

Mr. McCULLOUGH. No, sir.

Mr. HALLEY. During the last year, did you make any threat against Drury?

Mr. McCULLOUGH. Yes; I did.

Mr. HALLEY. Will you tell the committee all about that?

Mr. McCULLOUGH. Last March, I think, I ain't sure now, somewhere in March, sometime in March I was listening on the 6 o'clock or 6:15 every Saturday night, or 6:30; they give a broadcast of different people down there. So at 6:30 I turned the radio on, and Drury started talking. He was sitting talking to Sullivan. Sullivan said, "I heard you were over to the dog track the other night."

He said, "Yes."

"What did you see over there?"

"When I walked in, my eyes didn't believe me. I saw Big Bob McCullough standing there."

Sullivan said, "Who is this Bob McCullough?"

"You tell me you don't know who he is? He has been here all these years."

He said, "No, I don't."

So he said, "Well, he is notorious torpedo man."

He said, "I don't know what you people are thinking of around here to keep a fellow like him serving the public and leave him work at a dog track."

So Sullivan said, "Then what happened?" He said a few more things I can't remember.

"Then I went over to the clubhouse, and I saw another fellow I know there."

"Who was that?"

"Johnnie Patton."

"Who is this Johnnie Patton?"

He said, "Well, he is trying to make people think he is a retired farmer, but everybody knows he isn't."

He went on with a few more little things, and that finished the broadcast. Then they rehearsed it for another 15 minutes. It goes on for 30 minutes.

I think that was on Saturday night when it was broadcast. Monday night I went back to the track, and I met this Tom Downs. I said, "I see your friend gave me an awful blast."

He said, "Yes, I think I heard it."

I said, "You can tell him for me the first time I see him I am going to use my fists on him. It is either me or him. If you can make a date with him anywhere at all, I will meet him."

He said, "O. K."

I didn't hear any more from him. I went back to Sportsman's when it opened up in the spring. I saw Tom Downs. I said, "Did you see your friend yet?"

He said, "No, I haven't."

"That still goes," I said, "that still goes yet."

That was a terrible thing. I used to walk in my hotel and people wouldn't even look at me any more. They thought I wasn't living right. Here is a man made that kind of statement that I was a torpedo man for the Capone mob, and ought to be thrown off the track.

Mr. WHITE. You have been in a shooting fray once before?

Mr. McCULLOUGH. Someone took a shot at me, yes.

Mr. WHITE. Several shots at you?

Mr. McCULLOUGH. I got shot three times, yes.

Mr. WHITE. What was that about?

Mr. McCULLOUGH. I don't know.

Mr. WHITE. Were you in the gambling business?

Mr. McCULLOUGH. No, I wasn't.

Mr. WHITE. Have you ever been in the gambling business?

Mr. McCULLOUGH. No. I shot craps.

Mr. WHITE. Did Bennett have anything to do with the racing concession out at Sportman's?

Mr. McCULLOUGH. Bennett? No, not that I know of.

Mr. WHITE. You would know it if he had?

Mr. McCULLOUGH. No, I wouldn't.

Mr. WHITE. You have a part in the concession?

Mr. McCULLOUGH. Yes, that is right.

Mr. WHITE. So he didn't have any?

Mr. McCULLOUGH. Bennett doesn't have a part in the concession, no.

Mr. HALLEY. Were you ever arrested?

Mr. McCULLOUGH. I was picked up a few times, yes.

Mr. HALLEY. Were you ever convicted?

Mr. McCULLOUGH. Well, back in 1909 I was picked up in a store, when I was a kid 17 years old.

Mr. HALLEY. Were you convicted on that occasion?

Mr. McCULLOUGH. Well, I wouldn't say convicted. Everybody got let loose. Somebody gave us a saw. We were trying to saw our way out and we were caught. They gave me 4 months for destroying city property.

Mr. HALLEY. You mean you tried to break out of jail?

Mr. McCULLOUGH. Yes.

Mr. HALLEY. After having been picked up for what?

Mr. McCULLOUGH. For being in the store. We were in the store, four of us.

Mr. HALLEY. You mean you were picked up for burglarizing a store?

Mr. McCULLOUGH. We weren't burglarizing. The fellow who owned the store wanted to get the insurance. He said, "Go on in and get what you want. On your way out," he said, "leave the door open."

So we went in and dressed ourselves up. We got all dressed up and came out, and a couple of weeks later we got caught wearing the clothes.

The CHAIRMAN. Where was this, in Chicago?

Mr. McCULLOUGH. On the South Side; Chicago, yes, sir.

So we went up in front of the judge, and he said, "If you give the stuff back, we ain't going to have nothing to do with you. We will just forget about it. Who saved the bar?"

I said, "I did."

"We will let it stand at that."

I don't know whether it was for the robbery or for sawing the bar.

Mr. HALLEY. Have you any other conviction?

Mr. McCULLOUGH. Yes; I had another 4 months; I ain't sure, I don't remember.

Mr. HALLEY. For what?

Mr. McCULLOUGH. That was for pretty nearly the same thing.

Mr. HALLEY. It couldn't be exactly the same. You didn't saw your way out of jail twice?

Mr. McCULLOUGH. No, I don't mean that. I ain't sure. I had two convictions, either 3 or 4 months I got again in the house of correction.

Mr. HALLEY. For burglary on a second occasion?

Mr. McCULLOUGH. Yes, a second.

Mr. HALLEY. Have you any other convictions?

Mr. McCULLOUGH. No.

The CHAIRMAN. When was that?

Mr. McCULLOUGH. Around about the same time. Maybe a year before, maybe. When I was 16.

Mr. HALLEY. How long have you known Phil D'Andrea?

Mr. McCULLOUGH. I don't know. Phil D'Andrea? Oh, I have known him for years.

Mr. HALLEY. Has he had any connection with the dog track?

Mr. McCULLOUGH. No.

Mr. HALLEY. None whatsoever?

Mr. McCULLOUGH. Not that I know of.

Mr. HALLEY. When you worked for Capone, did you carry a gun?

Mr. McCULLOUGH. No.

Mr. HALLEY. At no time?

Mr. McCULLOUGH. At no time.

Mr. HALLEY. Even when you rode along with the beer truck?

Mr. McCULLOUGH. No, sir.

Mr. HALLEY. You did not carry a gun?

Mr. McCULLOUGH. In fact, I didn't have much to do with the beer truck. My job was to walk around and see if there were any agents.

Mr. HALLEY. When you lived with Capone, you did not carry a gun?

Mr. McCULLOUGH. I didn't live with him. I lived on another floor.

Mr. HALLEY. He liked to have you around?

Mr. McCULLOUGH. I went with Al. I bummed around with Al. I admit I was with Al. He was a nice fellow, and he treated me nice.

Mr. HALLEY. He took you with him wherever he went, isn't that right?

Mr. McCULLOUGH. No, no, not every place he went.

Mr. HALLEY. Not every place, but a lot of places?

Mr. McCULLOUGH. I went with him to eat, went to a show with him a couple of times. Outside of that, I didn't see much of him. I didn't see much of him.

Mr. HALLEY. Were you a sort of bodyguard for him?

Mr. McCULLOUGH. No, sir.

The CHAIRMAN. All right. Who is Tom Downs?

Mr. McCULLOUGH. Tom Downs is a police officer at Sportsman's Park.

The CHAIRMAN. Did you really mean to kill Drury if you saw him?

Mr. McCULLOUGH. No, sir, I never threatened to kill him. I never threatened. I just didn't like the remarks he made. He kind of hurt me. Sometimes I am sorry I even said it, but I couldn't help it. I got burned up about it. I had a wife and two kids, and didn't like somebody making remarks that weren't the truth.

Mr. HALLEY. Did you see Drury back here in Chicago?

Mr. McCULLOUGH. What?

Mr. HALLEY. Have you seen Drury in Chicago before he was killed?

Mr. McCULLOUGH. Drury never knew me. I never knew Drury. He got a job as a bodyguard. I saw him two or three times in Sportsman's Park with Capt. Tom Connelly, who I know very good. They were standing their posts. I was standing over a little farther. Tom Connelly came over and said, "How are you, Bob?"

I said, "O. K."

He said, "Do you want to meet a good friend of mine?"

I said, "Who is that?"

He said, "Drury."

I said, "That fellow standing by the post?"

He said, "Yes."

I said, "I don't care to meet him."

He said, "O. K."

So he went back and told him. I was still looking at him, and Drury had one of those tough looks. He gave me that look. Every time he saw me, two or three times after that, he gave me a bad look, like he was kind of fed up with me or something.

Previous to that, I would say 5 or 6 years, some girl got killed on the North Side. Some newspaper guy asked him, "Who do you think would do anything like that?"

He said, "The only fellow I figure would do anything like that would be Bob McCullough."

He never knew me, had never seen me, and I was never picked up, and he made that kind of remark. I let that go. I didn't say anything about it until he came out with that radio speech. I got pretty mad about it. I don't know, I just couldn't help it.

The CHAIRMAN. Did you say you ran a crap game one time?

Mr. McCULLOUGH. I shot craps.

The CHAIRMAN. Was it your game? Did you have part of the bank roll?

Mr. McCULLOUGH. No. I never shot craps in a gambling joint. Just around in crap tables.

The CHAIRMAN. How much money are you worth?

Mr. McCULLOUGH. Now?

The CHAIRMAN. Yes.

Mr. McCULLOUGH. I have \$30,000 worth of bonds, Government bonds, and I have maybe \$10,000 or \$12,000 in cash.

The CHAIRMAN. Do you have a farm?

Mr. McCULLOUGH. No; I haven't.

The CHAIRMAN. You do own some real estate, do you not?

Mr. McCULLOUGH. I own a \$5,000 house and a lot worth \$2,000 next to my house, \$7,000 of property. I have the deeds in my pocket.

Mr. WHITE. Do you own an automobile?

Mr. McCULLOUGH. Yes, sir.

Mr. WHITE. What kind?

Mr. McCULLOUGH. A 1948 Cadillac.

Mr. WHITE. Have you had any speedboats in the last 2 or 3 years?

Mr. McCULLOUGH. A couple of speedboats in the last 5 years.

Mr. WHITE. What kind?

Mr. McCULLOUGH. I had a 1946, no, a 1945, I think it was. I bought it in 1946. And then I have a 1948.

Mr. WHITE. What kind of boat? Chris-Craft?

Mr. McCULLOUGH. Chris-Craft.

The CHAIRMAN. You have two at once?

Mr. McCULLOUGH. No; different times. I bought one for \$1,300 and sold it for \$1,500. I bought the other one for \$1,500, and made a little profit. I forget what I made on it. Then I bought this other boat. I sold that one. I had boats for 6 years, and I got them for nothing, almost.

Mr. ROBINSON. This Tom Downs you speak of is a policeman in the thirty-fifth district?

Mr. McCULLOUGH. I don't know what district he is in.

Mr. ROBINSON. In Captain Harrison's district?

Mr. McCULLOUGH. He might be. He is a tall fellow.

Mr. ROBINSON. Does he have a brother?

Mr. McCULLOUGH. No. I don't know.

Mr. ROBINSON. Doesn't he have a brother in the penitentiary?

Mr. McCULLOUGH. I couldn't say.

Mr. ROBINSON. You don't know whether he has a brother in the penitentiary for shooting an FBI agent?

Mr. McCULLOUGH. No, I don't know that he has a brother in the penitentiary.

Mr. ROBINSON. Who was the girl on the North Side that you spoke of a minute ago?

Mr. McCULLOUGH. It was supposed to be Nick Dean's sweetheart.

Mr. ROBINSON. Teena Jacobs?

Mr. McCULLOUGH. I don't know his last name.

Mr. ROBINSON. You don't know the girl's name?

Mr. McCULLOUGH. I would if I heard it.

Mr. ROBINSON. Teena Jacobs?

Mr. McCULLOUGH. Oh, no.

Mr. ROBINSON. Is that Estelle Carey?

Mr. McCULLOUGH. I don't think so.

Mr. ROBINSON. How much did Capone pay you?

Mr. McCULLOUGH. Pay me?

Mr. ROBINSON. How much wages did you get while you were working for Capone?

Mr. McCULLOUGH. I was getting \$75 a week. I didn't work every week, though.

The CHAIRMAN. All right, Mr. McCullough, you will remain under subpoena, but you can go home. In case we need you, we will call you back. That is all.

Mr. McCULLOUGH. I am going to Florida today. I have no place to live now. I live in Cedar Lake. I figured on going down to Florida. Could I give you my address in Florida?

The CHAIRMAN. What will be your address?

Mr. McCULLOUGH. I have to get out. In Florida, Southland Hotel, 1501 Alton Road, Miami Beach, Fla.

The CHAIRMAN. Come around, Mr. Cawley.

Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CAWLEY. That is right.

TESTIMONY OF THOMAS J. CAWLEY, LA SALLE, ILL., ACCOMPANIED BY JAMES F. CAHILL, REPRESENTING WARD R. LEWIS, PUBLIC ACCOUNTANT, LA SALLE, ILL.

Mr. ROBINSON. State your full name.

Mr. CAWLEY. Thomas J. Cawley, C-a-w-l-e-y.

Mr. ROBINSON. Where do you live?

Mr. CAWLEY. La Salle, Ill.; born and raised there.

Mr. ROBINSON. You were subpoenaed to produce some records before this committee?

Mr. CAWLEY. That is right.

Mr. ROBINSON. Do you have the records, Mr. Cawley?

Mr. CAWLEY. I have my taxman out there. I will be very glad to bring him in.

The CHAIRMAN. Do you have your taxman?

Mr. CAWLEY. Yes.

The CHAIRMAN. We will send out and get him.

Mr. ROBINSON. What is your business, Mr. Cawley?

Mr. CAWLEY. A cigar-store operator.

Mr. ROBINSON. What other business do you have?

Mr. CAWLEY. I operate a farm and a book.

Mr. ROBINSON. How large a farm do you operate?

Mr. CAWLEY. I have a small grain farm.

The CHAIRMAN. What is your name?

Mr. CAHILL. James F. Cahill.

The CHAIRMAN. Are you an auditor, accountant, or lawyer?

Mr. CAHILL. No, sir. I am employed by the firm of Ward R. Lewis.

The CHAIRMAN. Here in Chicago?

Mr. CAHILL. No. Mr. Lewis has an office in La Salle and Peoria. He is a public accountant.

The CHAIRMAN. I guess we had better swear you. We might have to get you to testify.

Mr. CAHILL. O. K., sir.

The CHAIRMAN. Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CAHILL. I do.

The CHAIRMAN. All right, now.

Mr. HALLEY. Before we go further, I thought Mr. Cahill was going to bring in some records.

Mr. CAHILL. This is just a paper. I have all the records. They are in my car. I didn't know if you required them. I can get them very shortly.

Mr. CAWLEY. We have been here for 2 days.

Mr. CAHILL. I carried them up one day, and you didn't want them.

Mr. HALLEY. Will you deliver the records to the committee immediately after the hearing?

Mr. CAHILL. In this office out here? Yes.

Mr. CAWLEY. We will be very glad to bring any of our records in.

Mr. ROBINSON. When did you acquire the farm?

Mr. CAWLEY. In 1929.

Mr. ROBINSON. What did you pay for it?

Mr. CAWLEY. That would be a matter of record that Mr. Cahill could tell you about.

Mr. ROBINSON. Do you have a home?

Mr. CAWLEY. Yes, sir.

Mr. ROBINSON. When did you acquire that?

Mr. CAWLEY. I think I got that in 1930 or '32.

Mr. ROBINSON. Do you remember what you paid for it?

Mr. CAWLEY. Yes.

Mr. ROBINSON. How much?

Mr. CAWLEY. \$7,000.

Mr. ROBINSON. What other property do you have?

Mr. CAWLEY. I have numerous properties. Mr. Cahill can tell you about that.

Mr. ROBINSON. It is all in your records?

Mr. CAWLEY. That is correct.

Mr. ROBINSON. Where do you operate your book?

Mr. CAWLEY. 621 First Street, La Salle, Ill.

Mr. ROBINSON. Is that the only book you operate?

Mr. CAWLEY. I operate one in Streator, Ill.

Mr. ROBINSON. Streator, Ill.?

Mr. CAWLEY. Yes, sir.

Mr. ROBINSON. Is it solely a book?

Mr. CAWLEY. Well, it is a gaming room, is what it is. We have dice.

Mr. ROBINSON. You also have gambling equipment?

Mr. CAWLEY. Yes.

Mr. ROBINSON. What type of games do you run?

Mr. CAWLEY. Dice.

Mr. ROBINSON. Crap tables?

Mr. CAWLEY. That is correct.

Mr. ROBINSON. Roulette?

Mr. CAWLEY. Roulette, La Salle, and that is all.

Mr. ROBINSON. How many people do you employ in your gambling establishment?

Mr. CAWLEY. Just in the gambling alone?

Mr. ROBINSON. Yes.

Mr. CAWLEY. In the cigar store we have quite an operation in one building down there, because we have a restaurant and a tavern and cigar store, all in one, and we have about 65 or 70 employees.

Mr. ROBINSON. You are speaking of the La Salle operation?

Mr. CAWLEY. That is correct.

Mr. ROBINSON. You keep those operations separate?

Mr. CAWLEY. That is right.

Mr. ROBINSON. So far as your books are concerned?

Mr. CAWLEY. Yes.

Mr. ROBINSON. In other words, all your gambling is separated from your cigar or tavern operations?

Mr. CAWLEY. I am quite sure it is, because I have my book man to do all that for me.

Mr. ROBINSON. How long have you operated the book there?

Mr. CAWLEY. I imagine I operated that book around 15 years, to the best of my knowledge.

The CHAIRMAN. Is that in La Salle?

Mr. CAWLEY. In La Salle; at Streator, I would say 10 years.

Mr. ROBINSON. How far are the two apart?

Mr. CAWLEY. About 27 miles.

Mr. ROBINSON. Are there any other books in that area that you know of?

Mr. CAWLEY. Yes.

Mr. ROBINSON. In La Salle County?

Mr. CAWLEY. In La Salle County; yes.

Mr. ROBINSON. Who else operates a book there?

Mr. CAWLEY. There are two operated in Ottawa.

Mr. ROBINSON. What are their names?

Mr. CAWLEY. One is D. & W. and one is O. & G.

Mr. ROBINSON. What did you do before you got into the book-making business?

Mr. CAWLEY. I was a coal miner, and then a streetcar man.

Mr. ROBINSON. What do you gross from your La Salle operations a year, approximately?

Mr. CAWLEY. I wouldn't know that, but I would say that the book would handle an average of about \$700 to \$800 a day.

Mr. ROBINSON. What about the Streator?

Mr. CAWLEY. Streator will handle about five or six.

Mr. ROBINSON. That would be during the course of the year?

Mr. CAWLEY. Yes; an average. On Saturday you might have a bigger day. On Derby day you would have a bigger day. But you would have some leaner days, too. I would say five in Streator and eight in La Salle.

Mr. ROBINSON. You are speaking purely of the book?

Mr. CAWLEY. The book; yes.

Mr. ROBINSON. What about your crap tables?

Mr. CAWLEY. That varies. You can handle from 500 or you can handle 2,000, because they are back and forth all the time. I would say a thousand dollars a day.

Mr. ROBINSON. How many people does your book accommodate at La Salle?

Mr. CAWLEY. You mean customers?

Mr. ROBINSON. How many customers can you accommodate?

Mr. CAWLEY. We could accommodate quite a few, but we never have that many in there. It is not a horse town.

Mr. ROBINSON. Approximately; is it 20 or 80?

Mr. CAWLEY. I would say 35 people can get in there very nicely.

Mr. ROBINSON. How about Streator?

Mr. CAWLEY. About the same.

Mr. ROBINSON. Who is the sheriff of that county?

Mr. CAWLEY. The sheriff now is Ryan.

Mr. ROBINSON. How long have you known him?

Mr. CAWLEY. I hardly know the man.

The CHAIRMAN. Are both these places in the same county?

Mr. CAWLEY. In the same county; that is correct.

Mr. ROBINSON. Who was the sheriff previous to him?

Mr. CAWLEY. I don't know. I just can't remember. Harbeck.

Mr. ROBINSON. Did you know him well?

Mr. CAWLEY. No; I didn't.

Mr. ROBINSON. Did you know Mike Welter?

Mr. CAWLEY. Yes, sir.

Mr. ROBINSON. When was he sheriff of La Salle County?

Mr. CAWLEY. He was sheriff three terms.

Mr. ROBINSON. What years?

Mr. CAWLEY. That I just couldn't be accurate in telling.

Mr. ROBINSON. Do you know Ralph Desper?

Mr. CAWLEY. I know of him; yes.

Mr. ROBINSON. What was he?

Mr. CAWLEY. He was sheriff.

Mr. ROBINSON. Previous to Welter?

Mr. CAWLEY. Right after Welter.

Mr. ROBINSON. How about Clayton C. Harbeck?

Mr. CAWLEY. That is the one I named.

Mr. ROBINSON. That is the present one?

Mr. CAWLEY. No; that is the one running now. He left there 4 years ago.

Mr. ROBINSON. You say he is running for sheriff now?

Mr. CAWLEY. Now; that is right.

Mr. ROBINSON. Have you contributed to his campaign?

Mr. CAWLEY. No, sir.

Mr. ROBINSON. Did you contribute to the campaign funds of any of the other sheriffs?

Mr. CAWLEY. No, sir; only Mike Welter.

Mr. ROBINSON. How much did you contribute to his campaign?

Mr. CAWLEY. \$500.

Mr. ROBINSON. Mike Welter knew what business you were in?

Mr. CAWLEY. Mike Welter; no. I wouldn't know whether he would or not.

Mr. ROBINSON. Why?

Mr. CAWLEY. I never asked him.

Mr. ROBINSON. You have known him for a long time?

Mr. CAWLEY. I went to school with him.

Mr. ROBINSON. You have known him a long time?

Mr. CAWLEY. Yes.

Mr. ROBINSON. You were running a book at the time he was sheriff?

Mr. CAWLEY. Yes; but we were very small then.

The CHAIRMAN. When was this \$500 contribution?

Mr. CAWLEY. That has been a long time ago, when Mike Welter ran the second time. I don't know when that was.

The CHAIRMAN. What we want to get at is: How can you run wide open down there without the sheriff knowing about it and doing something about it? It is generally known, is it not, that you operate these places?

Mr. CAWLEY. That is right. I was born and raised there. I had a good friend, the mayor of the town, and he wouldn't let none of them politicians come into our city.

The CHAIRMAN. None of them what?

Mr. CAWLEY. Dr. H. M. Orr. He is now dead.

The CHAIRMAN. He would not let any politicians come in?

Mr. CAWLEY. He wouldn't let them politicians come from the county into the city from La Salle.

The CHAIRMAN. He would not let the sheriff come in?

Mr. CAWLEY. That is right.

The CHAIRMAN. So he is the one who let you keep on running; is that it?

Mr. CAWLEY. He never let me keep on running. He didn't do any more for me than he would for anybody else. Anybody can go down in that town right today and open up, and it doesn't cost them a 5-cent piece.

The CHAIRMAN. The sheriff does not bother you?

Mr. CAWLEY. That is right.

The CHAIRMAN. Do the people like it, you think?

Mr. CAWLEY. I think they do—90 percent of them.

Mr. ROBINSON. What is the present chief of police's name?

Mr. CAWLEY. Eddie Kasprowicz, something like that.

Mr. ROBINSON. How long have you known him?

Mr. CAWLEY. He and I have been in the Legion for the last 15 or 16 years. He has been a policeman all that time. I have never been close to the man. I have just known him, that is all.

Mr. ROBINSON. He knows what business you are in?

Mr. CAWLEY. Yes. Everybody in town knows what business I am in.

Mr. ROBINSON. Do you pay money for protection?

Mr. CAWLEY. No, sir.

Mr. ROBINSON. Never have paid any money?

Mr. CAWLEY. No. When I do, I will get out of business.

Mr. ROBINSON. Do you contribute any money to political parties?

Mr. CAWLEY. I might contribute to both parties a check, \$100 here or \$100 there; yes.

Mr. ROBINSON. What would the sum be?

Mr. CAWLEY. You mean in a year's time?

Mr. ROBINSON. Let's take last year, or the last political campaign.

Mr. CAWLEY. In the last 10 days, I think I gave \$100 to the Democrats and I gave \$100 to the Republicans.

Mr. ROBINSON. That was to the political party, but to no particular individual?

Mr. CAWLEY. That is right.

Mr. ROBINSON. What is the largest sum that you have given?

Mr. CAWLEY. I would say right around that figure.

Mr. ROBINSON. Every year?

Mr. CAWLEY. Oh, yes; maybe a couple of times a year they might come in for something.

Mr. ROBINSON. To both parties?

Mr. CAWLEY. That is right. It wouldn't make any difference.

Mr. ROBINSON. Have the mayor and chief of police ever done anything to put down your book?

Mr. CAWLEY. No.

Mr. ROBINSON. No previous mayor or chief of police has done anything to put down your book?

Mr. CAWLEY. No. No; we have had some orders to go down, and that is overlooked in a short time and we go back in. Up until the last 3 months, our county has always run wide open.

Mr. ROBINSON. Do you run any slot machines?

Mr. CAWLEY. No.

Mr. ROBINSON. Did you ever run any slot machines?

Mr. CAWLEY. Yes. We run them in our own place.

Mr. ROBINSON. When were they put down?

Mr. CAWLEY. About 2 years ago.

Mr. ROBINSON. How large a slot-machine operation did you have prior to that?

Mr. CAWLEY. We had them in our own place of business.

Mr. ROBINSON. Those two places?

Mr. CAWLEY. None in Streator. Just in La Salle.

Mr. ROBINSON. How many slots did you run?

Mr. CAWLEY. I would say 15, maybe 20.

Mr. ROBINSON. Did you own the slot machines yourself?

Mr. CAWLEY. Yes, sir,

Mr. ROBINSON. You paid no percentage of the slot-machine operation to anyone else?

Mr. CAWLEY. No, sir; definitely not.

Mr. ROBINSON. You are sure of that?

Mr. CAWLEY. Positive.

Mr. ROBINSON. Where did you get your slot machines?

Mr. CAWLEY. We bought them here and there, wherever we could buy a second-hand machine. We wouldn't buy new ones because they cost too much money.

Mr. ROBINSON. How much did you make out of your slot-machine operations?

Mr. CAWLEY. That would have to be answered by my tax man.

The CHAIRMAN. Approximately how much do you make a year out of all these operations?

Mr. CAWLEY. Do you have any idea?

Mr. CAHILL. You mean net?

The CHAIRMAN. Yes, net.

Mr. CAHILL. I think Mr. Cawley's net last year in the partnership—this is a partnership—was \$67,000.

The CHAIRMAN. That is his part?

Mr. CAHILL. No, that is the whole thing. Mr. Cawley has 52 percent of the partnership.

The CHAIRMAN. Who are the other partners?

Mr. CAWLEY. A brother and two sisters. We are absolutely alone down there. We are not connected with anyone from Chicago, or any independents, either.

Mr. ROBINSON. Have you ever had them down there?

Mr. CAWLEY. Never. When they come in, I go out.

The CHAIRMAN. Do you have wire service?

Mr. CAWLEY. I had wire service in there, and——

The CHAIRMAN. Where did you get it from?

Mr. CAWLEY. Chicago.

The CHAIRMAN. At the——

Mr. CAWLEY. Midwest News.

The CHAIRMAN. All right.

Mr. HALLEY. Have you always gotten it from them or did you ever get it from anyone else?

Mr. CAWLEY. That is the only one. During the old Annenberg administration—you see, how I acquired the book, a man had the book there, and afterward he left, and I took it over, and the only thing they do is send us a bill, and that is all there is to it.

Mr. HALLEY. Who did you get it from originally?

Mr. CAWLEY. We got it from Annenberg.

Mr. HALLEY. What was the name of the company you got it from before Midwest?

Mr. CAWLEY. I just can't remember that. That has been 10 years ago when they consolidated.

Mr. HALLEY. Then did you get a notice telling you you were getting it from Midwest in the future?

Mr. CAWLEY. The only thing you get from them is a bill. The bill is so much.

The CHAIRMAN. How much do you pay for your wire service?

Mr. CAWLEY. \$108 a week.

The CHAIRMAN. Each place?

Mr. CAWLEY. That is right. That has gone up. You see, we at one time paid like \$50 or \$60 and \$70, \$78, and so on. It went up to \$108.

Mr. HALLEY. Are you still getting it today?

Mr. CAWLEY. No. I am getting it in Streator, but not in La Salle.

Mr. HALLEY. When was it cut off in La Salle?

Mr. CAWLEY. It was cut off about 10 days ago.

Mr. HALLEY. Were you getting it by wire or by phone?

Mr. CAWLEY. We were getting it by ticker machine.

Mr. HALLEY. Regular ticker?

Mr. CAWLEY. Yes. I had a ticker at Streator and one in La Salle.

The CHAIRMAN. La Salle was cut off 10 days ago?

Mr. CAWLEY. That is right.

The CHAIRMAN. You had never been raided?

Mr. CAWLEY. Yes; I was raided once. I was raided by that sheriff. I have had one conviction.

The CHAIRMAN. What was that?

Mr. CAWLEY. Well, running a gaming house.

The CHAIRMAN. In Streator, you are still getting wire service, ticker?

Mr. CAWLEY. That is right.

The CHAIRMAN. How do you run in La Salle now?

Mr. CAWLEY. We run it by radio the best we can.

The CHAIRMAN. What did they cut their wire service for?

Mr. CAWLEY. I don't know why they cut it off, but there were some people down there who were certainly against my operation. They seemed to take a hand in stopping it.

Mr. HALLEY. Do you ever phone the results from Streator to La Salle?

Mr. CAWLEY. I have, yes. We catch most of it by radio, as best we can. It has knocked us out completely.

The CHAIRMAN. You cannot operate without wire service?

Mr. CAWLEY. Not too good, because they want the thrill of the horses at the quarter, the stretch, and so on.

Mr. ROBINSON. Who pulled it out? Did Western Union pull it out?

Mr. CAWLEY. They never told me who pulled it out. They just came and pulled it out. They even pulled the telephones out.

Mr. ROBINSON. Where do you buy your gambling equipment?

Mr. CAWLEY. Well, I bought that—you see, when you buy anything, you keep it a long, long time. I just can't remember where I bought it.

Mr. ROBINSON. Did you buy it from Taylor & Co. here in Chicago?

Mr. CAWLEY. No, no, not Taylor. I think it is Coate & Co. I bought some dice off Taylor.

Mr. ROBINSON. Do you know Francis Currie?

Mr. CAWLEY. No.

Mr. ROBINSON. You never met him?

Mr. CAWLEY. No.

Mr. ROBINSON. He never came to La Salle County?

Mr. CAWLEY. He never came to La Salle. He might have been in the county and I wouldn't know him. I wouldn't know the man if he was in the room here.

The CHAIRMAN. Thank you very much.

Mr. HALLEY. You will remain under subpena.

The CHAIRMAN. If we need you any more, I will let you know.

Mr. CAWLEY. I will be here at any time you want me.

Mr. HALLEY. Please deliver the records to the committee office before you leave. Do that today.

Mr. CAWLEY. Very well.

The CHAIRMAN. Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FINERTY. I do.

TESTIMONY OF JOSEPH E. FINERTY, GARY, IND.

The CHAIRMAN. What is your name, sir?

Mr. FINERTY. Joseph E. Finerty.

The CHAIRMAN. Where do you live?

Mr. FINERTY. 1116 Rush Street, Gary, Ind.

The CHAIRMAN. What do you do?

Mr. FINERTY. I operate a real estate business and a drive-in theater. I build homes, small contracting.

Mr. ROBINSON. You are the former mayor?

Mr. FINERTY. That is right.

Mr. ROBINSON. You have a brother who was killed?

Mr. FINERTY. That is correct.

Mr. ROBINSON. Would you have any objection to going over that story if you were interviewed at some other time?

Mr. FINERTY. No, sir.

The CHAIRMAN. Maybe some of the boys could interview him.

Can you be here in the morning, or do you want to go back tonight?

Mr. FINERTY. I want to go back. It doesn't make any difference. I can come back.

The CHAIRMAN. Do you mind going over the matter with Mr. Garrett?

Let me get the general idea. In just a very brief statement, what is it all about? Your brother was shot while you were mayor?

Mr. FINERTY. My brother was shot while I was mayor. He wasn't living in Gary. He had no connection with any gambling in Gary. He lived over in Highland.

The CHAIRMAN. Was he killed?

Mr. FINERTY. He was killed, yes. My brother had been a gambler all his life. He had been in the gambling business for years.

The CHAIRMAN. Do these places operate pretty freely over in Gary?

Mr. FINERTY. No, sir. While I was mayor, there was no general open gambling. We had emporiums or such.

There were some poolrooms that had some booking. There have been for years, in the city of Gary.

The CHAIRMAN. Are any of this Chicago gang down in Gary?

Mr. FINERTY. No, sir, not to my knowledge. I have no part of them, and never did. I always fought them.

Mr. ROBINSON. He wanted to open a book, and made arrangements with Midwest?

Mr. FINERTY. No, he didn't want to open a book in Gary. I hadn't seen my brother for 30 days before he was killed. I told my brother that he couldn't even operate and do anything in Gary. My brother had been gambling in Calumet City and other places, but never in Gary.

Mr. ROBINSON. You had not seen him for 30 days previous to his being killed?

Mr. FINERTY. That is exactly right, sir.

The CHAIRMAN. All right, thank you very much, Mr. Finerty. Mr. Garrett will go over this matter with you. If we need you again, we will let you know. You will remain under subpoena.

Mr. FINERTY. Thank you.

The CHAIRMAN. Mr. Roe, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ROE. I do.

TESTIMONY OF THEODORE ROE, ACCOMPANIED BY EDWARD J. HESS, ATTORNEY, CHICAGO, ILL.

The CHAIRMAN. Are you his attorney?

Mr. HESS. Yes. I just wish to listen.

The CHAIRMAN. Are you an attorney? Come up here and sit with your client. What is your name?

Mr. HESS. Edward J. Hess, 7 South Dearborn Street, Chicago.

The CHAIRMAN. Mr. Roe, what is your full name?

Mr. ROE. Theodore Roe.

The CHAIRMAN. We would like very much to ask you a few questions about this matter, because, unfortunately, I have to go catch a plane; and then, if it be satisfactory with you and your attorney to give one of the members of our staff the rest of the story about this matter, would you do that?

Mr. ROE. That all right with me, yes.

The CHAIRMAN. All right, Mr. Robinson, you bring out the highlights.

Mr. ROBINSON. You have a subpoena to produce certain records?

Mr. ROE. Yes.

Mr. ROBINSON. Will you produce those records at some time in this office?

Mr. ROE. There is an awful lot of them. It is a company that I am with.

Mr. ROBINSON. What is the name of the company?

Mr. ROE. Doty & Doty.

Mr. ROBINSON. If they are voluminous records, would it be possible for some member of the staff of the committee to go over the records of the company?

Mr. ROE. Yes. We are perfectly agreeable.

Mr. ROBINSON. What is the nature of the business?

Mr. ROE. Operating a policy wheel.

Mr. ROBINSON. How long have you operated that?

Mr. ROE. I think that I have been a partner about 10 years.

Mr. ROBINSON. A partner with the Jones brothers?

Mr. ROE. About 10 years.

Mr. ROBINSON. With the Jones brothers?

Mr. ROE. Yes, sir.

Mr. ROBINSON. They are no longer in this country?

Mr. ROE. No. They are in Mexico.

Mr. ROBINSON. What is the net return per year from the policy operation?

Mr. ROE. Well, it is not the same thing every year. During war-time, they were much higher than now. I can't recall the figures, but I do recall that one year around about December we were around \$800,000 or \$900,000 winners for that year.

Mr. ROBINSON. That is what the company earned during that year?

Mr. ROE. One year, yes. That is the one year that I speak of.

Mr. ROBINSON. Were there any years where it was higher than that?

Mr. ROE. I can't recall, but the records will show.

Mr. ROBINSON. Would you say it was approximately that amount each year?

Mr. ROE. No; I would not, since the war.

The CHAIRMAN. Since the war what do you think it is, \$500,000 a year profit?

Mr. ROE. To tell you the truth, Senator, to the best of my knowledge, I haven't kept up with it, I don't know.

The CHAIRMAN. You run it, do you not?

Mr. ROE. Our accountants take care of it.

The CHAIRMAN. I know, but what did you get out of it last year, yourself?

Mr. ROE. I don't know, because I haven't had time to check it. I just drew money at various times.

The CHAIRMAN. What do you think you got out of it, \$100,000, \$200,000?

Mr. ROE. I don't think I made that much money last year. I don't think so.

Mr. ROBINSON. Who are the partners in the business?

Mr. ROE. Clifford Davis, and he takes care of that business of the books; and the other is George Jones and Ed Jones and their mother, Harriet Jones, five partners.

Mr. ROBINSON. You remit them money every week?

Mr. ROE. No. There is no set time. It is just whenever they want some money, they draw some.

The CHAIRMAN. George Jones, Ed Jones, and who else?

Mr. ROE. Harriet Jones.

The CHAIRMAN. What are they doing in Mexico?

Mr. ROE. Yes. They have a bank account. Sometimes they ask for \$200,000, sometimes \$10,000 apiece, and like that. Of course, there never has been a settlement at the end of the year like that. We all have just drawn money.

The CHAIRMAN. What are they doing in Mexico all the time?

Mr. ROE. Since he was kidnaped here, I think he has been afraid to stay here.

The CHAIRMAN. Who was kidnaped?

Mr. ROE. Ed was kidnaped here.

The CHAIRMAN. When?

Mr. ROE. Let me see. It must have been about 6 or 7 years ago, about 6 years ago, I think.

The CHAIRMAN. They have been there ever since?

Mr. ROE. Ever since about 2 weeks after he was kidnaped. They left here.

The CHAIRMAN. What sort of policy is this? What is the game?

Mr. ROE. The game is 78 numbers, that you draw 12, and you count that 12 back in and you draw 12 again. That is for the double books. Then you have just a 12-number row, that you draw 12, and it pays double, out of the 78.

The CHAIRMAN. How many people do you have working for Doty & Doty?

Mr. ROE. How many people?

The CHAIRMAN. Yes; how many numbers writers?

Mr. ROE. How many numbers writers do we have working for the wheel?

The CHAIRMAN. Yes.

Mr. ROE. I wouldn't know just how to estimate it. We could get a pretty good line on the walking writers around Christmastime, where we give them Christmas presents. I think it would run somewhere around 300 or 400, something like that.

The CHAIRMAN. Is that full-time people working, or just part time?

Mr. ROE. They just write. Some don't write every day. Some just write a book for their own play, you understand, and turn it in. Of course, they have stations, too.

The CHAIRMAN. Is that in the city of Chicago?

Mr. ROE. That is right, all in the city of Chicago.

The CHAIRMAN. Who is the captain of the police out there?

Mr. ROE. Acting Captain Bluett, I think it is.

The CHAIRMAN. Why does he not stop it? Does he know about it?

Mr. ROE. I can't answer that.

Mr. ROBINSON. How much do you pay him there?

Mr. ROE. I don't pay him anything.

Mr. ROBINSON. How much do your men pay him?

Mr. ROE. I couldn't say.

Mr. ROBINSON. Is it a small amount or a large amount?

Mr. ROE. Well, I couldn't answer that, because I don't know.

Mr. ROBINSON. He gets some amount? Don't you know approximately how much it would be?

Mr. ROE. Well, we have an expense account there for various things. We have them in check form, which you will find with the accountants.

Mr. ROBINSON. Are they on the expense account? Is the chief on the expense account?

Mr. ROE. No; no one is on there; no one is on there.

Mr. ROBINSON. Approximately what—I don't mean to be specific, but approximately what is the amount that you give to the chief now and then?

Mr. ROE. I don't give him anything, because he never—I never see him, only I might see him in passing.

Mr. ROBINSON. Do you send him a Christmas gift?

Mr. ROE. No; I do not.

Mr. ROBINSON. He knows you are operating this policy?

Mr. ROE. The policy we are operating, we are slipping and hiding it. It is in very small places. It is not operating like it did years ago.

Mr. ROBINSON. What particular area do you operate in?

Mr. ROE. Our books are being written, I guess, all over in the colored belt, Twenty-third Street on out to Sixty-sixth, or something like that.

Mr. ROBINSON. You don't go outside the colored belt?

Mr. ROE. No.

Mr. ROBINSON. Who operates the policy outside the colored belt?

Mr. ROE. I don't know of any in the white neighborhoods.

Mr. ROBINSON. Do you know Patrick Manning?

Mr. ROE. I know him when I see him.

Mr. ROBINSON. And Peter Tremont?

Mr. ROE. I know both of them when I see them.

Mr. ROBINSON. Do they operate a policy in the white sections?

Mr. ROE. They are in the same section that I am in.

Mr. ROBINSON. Do they operate in competition with you, too?

Mr. ROE. They are all out there; yes.

Mr. ROBINSON. Both Tremont and Manning?

Mr. ROE. Yes.

Mr. ROBINSON. Do they have a wheel? Is that what they call it, a wheel?

Mr. ROE. Yes. Tremont had a wheel, always had a wheel, as far as my knowledge goes.

Mr. ROBINSON. In the colored section?

Mr. ROE. Yes.

Mr. ROBINSON. Did Manning, too?

Mr. ROE. Well, from what I know about Manning, he was working for him, I understood.

Mr. ROBINSON. Doesn't Manning have a wheel now?

Mr. ROE. Not to my knowledge. I don't know. I couldn't answer that.

Mr. ROBINSON. You are not in partnership with either one?

Mr. ROE. No one, no.

Mr. ROBINSON. Were you ever in partnership with the Benvenutis?

Mr. ROE. Never.

Mr. ROBINSON. Did you know them?

Mr. ROE. Yes; I knew the one that died, very well.

Mr. ROBINSON. They were running a policy wheel?

Mr. ROE. That is right.

Mr. ROBINSON. What happened to them?

Mr. ROE. All I know is what I was told. I don't know anything definite, because I never did frequent that very much.

Mr. ROBINSON. Tell me what you were told?

Mr. ROE. He was sick, and he went out in California—I mean Arizona. And when he came back, I talked to him a couple of times, and he told me that he was planning on giving up the game because his health was bad, and he was going back out there to live. I don't know anything about the business whatever.

Mr. ROBINSON. Wasn't there a bombing in the family?

Mr. ROE. In the newspapers I read there was one on the South Side and one on the North Side, near their home.

Mr. ROBINSON. Where did they go after that?

Mr. ROE. I don't know.

Mr. ROBINSON. Did they leave the country?

Mr. ROE. I don't know. I wouldn't know, because I never was around them. I never was that close to know anything about them.

Mr. ROBINSON. Who tried to move in on them?

Mr. ROE. I don't know that.

Mr. ROBINSON. Weren't they "muscle out" of that business? You know that?

Mr. ROE. Well, no, I couldn't answer that one way or the other. I don't know.

Mr. ROBINSON. Didn't the syndicate muscle into that business?

Mr. ROE. I don't know anything about the syndicate.

Mr. ROBINSON. You don't know, but haven't you heard that? Haven't you been told that?

Mr. ROE. I can't recall. I have heard a lot of gossip about things, but some of it I don't take no stock in.

Mr. ROBINSON. Do you know Tony Accardo?

Mr. ROE. No; I do not.

Mr. ROBINSON. Did you ever hear of his "muscling" into that business?

Mr. ROE. Nothing but what I read in the newspaper.

The CHAIRMAN. What is Doty & Doty? How do you get that name?

Mr. ROE. Those are two brothers, my accountants.

The CHAIRMAN. Those are your accountants?

Mr. ROE. Yes.

The CHAIRMAN. They do not own the business, do they?

Mr. ROE. No part of it.

The CHAIRMAN. How long has this been going on?

Mr. ROE. This policy wheel?

The CHAIRMAN. Yes.

Mr. ROE. I will give it to you back from the beginning. I worked for the Jones brothers, and I guess from the time I started, it must have been about 22 or 23 years ago that I worked for them. But when they got indicted and were closed, they couldn't bother with opening any more soon, and they gave me the privilege to go ahead and open up.

The CHAIRMAN. How long have you operated it, yourself?

Mr. ROE. That is about 10 years ago.

Mr. HALLEY. How were you able to open it when they couldn't?

Mr. ROE. They were indicted, and I wasn't.

Mr. HALLEY. Why weren't you indicted?

Mr. ROE. Because I was just working.

Mr. HALLEY. Were you ever indicted for running the policy wheel?

Mr. ROE. I never have been.

Mr. HALLEY. How do you do that? How do you keep clear?

Mr. ROE. I have never been around there too much.

Mr. HALLEY. Do you have a fund for ice, or protection?

Mr. ROE. No. I don't know just how to explain. We have had expense accounts.

Mr. HALLEY. Please explain the expense accounts. You mentioned them once before.

Mr. ROE. We have it for different things, like for lawyers who raise bonds, and so on. We have expense that wasn't allowed by the Government, like giving writers presents for Thanksgiving. We have given them a banquet. We give them Christmas presents. The Government never allowed that.

Of course, we have that to pay out of our pockets, from our own money.

The CHAIRMAN. What is the address of Doty & Doty?

Mr. ROE. 134 South La Salle. I think the room is 1210.

The CHAIRMAN. When would it be convenient for you to come back up and give members of the staff more details about this?

How much in details do you have, Mr. Robinson?

Mr. ROBINSON. We have some. It is just a question of time. We will have to bring him back.

The CHAIRMAN. They will call you on the telephone, and either have someone come out there—

Mr. ROE. Give me a day's notice any time.

The CHAIRMAN. You will remain under subpoena, and you will continue on to tell us the details about this operation?

Mr. ROE. Yes.

The CHAIRMAN. You will be willing to do that? Is that all right, Mr. Hess?

Mr. HESS. Yes.

I only want to add this. You said something about being subpoenaed for records. He has turned a lot of records in today. You know that.

Mr. ROBINSON. We will give you a receipt for those.

Mr. ROE. They have more records over there that is involved in the partnership, you know.

The CHAIRMAN. How much is your net worth today?

Mr. ROE. I thought about it after I got the subpoena, but I don't know. I would have to figure up the value in real estate. I own three buildings.

The CHAIRMAN. What would you guess?

Mr. ROE. I have a building——

The CHAIRMAN. Let us not go into details. You have three buildings, and you have some stocks and bonds and cash?

Mr. ROE. I don't have no stocks and bonds.

The CHAIRMAN. Do you have a Cadillac automobile?

Mr. ROE. Yes, my wife has a Cadillac.

The CHAIRMAN. What model?

Mr. ROE. 1950.

The CHAIRMAN. What kind of automobile do you have?

Mr. ROE. I have an Oldsmobile.

The CHAIRMAN. You have three buildings. Would you say you are worth \$500,000 or a million?

Mr. ROE. Oh, no. I am not worth, not \$100,000.

The CHAIRMAN. You say \$100,000?

Mr. ROE. I am not worth \$100,000.

The CHAIRMAN. Not quite \$100,000?

Mr. ROE. No.

The CHAIRMAN. All right. Thank you very much.

Mr. HESS. Counsel can call us, either me or him, and give us a day's notice, and we will be there.

Mr. ROE. I can always get a day's notice?

The CHAIRMAN. Yes.

The CHAIRMAN. Mr. Tremont, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. TREMONT. I do.

TESTIMONY OF PETER C. TREMONT, CHICAGO, ILL.

The CHAIRMAN. Pete Tremont, is that right?

Mr. TREMONT. That is right, sir; Peter C. Tremont.

The CHAIRMAN. What is your address?

Mr. TREMONT. I am living at the Congress Hotel, 510 Michigan Boulevard.

The CHAIRMAN. All right, Mr. Robinson.

Mr. ROBINSON. What business are you in?

Mr. TREMONT. I am president of the Tremont Auto Sales and vice president of the Illinois Construction Corp.

Mr. ROBINSON. Do you have any records that the subpoena called for, Mr. Tremont?

Mr. TREMONT. The only records I brought along with me here—I talked to Mr. Robinson about this.

The CHAIRMAN. Tremont Auto Sales?

Mr. TREMONT. That is right.

The CHAIRMAN. And what else?

Mr. TREMONT. The Illinois Construction Corp.

Mr. ROBINSON. Can you give those records to us that you have with you?

Mr. TREMONT. Yes, I can, sir.

Mr. ROBINSON. There is just one batch?

Mr. TREMONT. Yes, that is all.

The CHAIRMAN. Do you have your income-tax returns?

Mr. TREMONT. No, I do not have them, sir.

The CHAIRMAN. Where are they?

Mr. TREMONT. I didn't exactly look for them, sir. The reason why I didn't bring them was because I figured you had them anyway here. You fellows are supposed to have the returns.

Mr. HALLEY. We want them from you. Will you look for them and bring them in tomorrow, please?

Mr. TREMONT. I didn't feel like I wanted to expose my business, because I thought maybe it might incriminate me, or something. I didn't know. I feel as though—I realize I have an obligation to the Government. I also have an obligation to the State, also. I just thought you don't protect me, as far as the obligation to the State, and I didn't want to be exposed. I figured you had most of the figures.

Mr. HALLEY. Do you have an accountant who handles your work, an accountant?

Mr. TREMONT. Oh, yes. We had an accountant.

Mr. HALLEY. What is his name?

Mr. TREMONT. His name is Paul Revere, but he retired last year.

Mr. HALLEY. Who does your work now?

Mr. TREMONT. I have a fellow who does my accounting, but then again, it gets back to the same thing.

Mr. HALLEY. What is his name?

Mr. TREMONT. If I employ him, then I am back to the same thing, incriminating myself on the witness stand.

Mr. HALLEY. What is the name of the man?

Mr. TREMONT. I wouldn't like to give the name, because you might subpoena him, and he may incriminate me.

Mr. HALLEY. You have to give it. You don't have a choice before this committee.

Mr. TREMONT. I don't know.

The CHAIRMAN. The chairman orders you to tell the name of your accountant. You can either tell it or not tell it, but you will take the consequences.

Mr. TREMONT. I see. Well, I suppose it is a matter of record anyway. He is my accountant. I don't suppose it makes much difference. Ouschowski.

Mr. HALLEY. What is his full name, please?

Mr. TREMONT. Mitchell is his first name.

Mr. HALLEY. Do you know his address?

Mr. TREMONT. Not exactly, but he lives up—I think you can look it up in the telephone directory. I am pretty sure you can.

Mr. HALLEY. I presume you are squeamish about your tax returns because you are in the policy business?

Mr. TREMONT. Well, I refuse to say what business I am in.

Mr. HALLEY. We will advise you of your rights, because we have been through this with a lot of other witnesses in the last few days.

You do not have any privilege before this committee to refuse to answer questions simply because they would incriminate you under some State law. That is the law. Other witnesses have been advised of the law as such, and have answered.

If you fail to answer questions simply because the answer would tend to incriminate you under some local State law, you will be liable for contempt. I am sorry, but that is the law.

Mr. TREMONT. I have employed no attorney on this thing.

The CHAIRMAN. Do you want to get counsel? If you want to, we will give you that opportunity.

Mr. TREMONT. I have gone to a counsel for advice, and he just merely said to me, "It is a Senate investigation," he said, "and you have to accept the subpoena at the time when the subpoena is offered. You have to go up there and answer questions." He said, "it is up to you. If you think something may incriminate you, use your own judgment."

That is as far as I got from the lawyer. I have never employed a lawyer.

Mr. HALLEY. Isn't it a fact that you have got to answer these questions? That is the law.

The CHAIRMAN. Let us put the questions and see whether he answers them or not.

Mr. TREMONT. I will answer anything else. You can ask me anything else.

Mr. HALLEY. We are interested in the policy business, Mr. Tremont.

Mr. TREMONT. We get back to the same thing again. I am just using my own knowledge on this thing. It doesn't seem right for me to answer that.

Mr. HALLEY. Before a Senate committee, you have to. You see that. That is why the Senate formed this kind of committee, because other agencies couldn't get the information.

Mr. TREMONT. It seems like I am between the devil and the deep blue sea.

Mr. HALLEY. Apparently the Congress felt it was important enough.

The CHAIRMAN. There is no use arguing the point.

Mr. TREMONT. If there is anything else you want to know, I will answer.

The CHAIRMAN. The question is, Are you in the policy game? And the chair has ordered you to answer the question.

Mr. TREMONT. I would like to advise with counsel on that. I didn't think this was going to happen to me. I surely wouldn't want to incriminate myself. It doesn't seem to make sense.

The CHAIRMAN. Do you want to get your counsel and come up at another meeting, then?

Mr. TREMONT. It seems that——

The CHAIRMAN. You will remain under subpoena, and you consult with your counsel, and when you come here next time you have your counsel with you. But I am telling you that the question, "Are you in the policy game?" is not a Federal offense.

Mr. TREMONT. I realize that.

The CHAIRMAN. We are not interested about State laws.

Mr. TREMONT. I realize that. I thought there was some immunity to answer questions.

The CHAIRMAN. You have no immunity about answering this question.

Mr. TREMONT. Anything I say here, anyone can get the testimony I give and can use it against me, and may. I am not sure; I am not positive whether they would or not, but it might be used.

Mr. HALLEY. Mr. Tremont, in view of the fact that you are technically in contempt of this committee for not having brought your books and tax returns, I suggest that you see counsel and proceed to bring the books and tax returns in to Mr. George Robinson at this office immediately, without waiting for the next meeting of the committee—no; those books won't do. We need your tax returns and all of your records.

The CHAIRMAN. Suppose you take these books back and bring them with your other records.

(Documents returned to the witness.)

Mr. HALLEY. Since you are already in contempt, the suggestion is that what you had better do is see your counsel, and then come in and see Mr. George Robinson here in Chicago, just as soon as you can, and bring the books and records in with you.

Mr. TREMONT. I have tried to get in touch with Mr. Robinson for over 2 weeks, to find out what I should actually bring, and the only way I could get a chance to talk to him was over the phone, and he didn't tell you very much over the phone. I don't even know who Mr. Robinson is.

Mr. ROBINSON. Let us get the record straight. You were running from the subpoena for 2 weeks. I talked to you on the telephone, and told you to bring in the records that were called for by the subpoena. Don't sit there and tell me anything else.

Mr. TREMONT. I can only speak the facts. The truth is the truth. It doesn't hurt anybody. There was some man——

Mr. ROBINSON. The subpoena says copies of tax returns, doesn't it?

Mr. TREMONT. Yes. Are you Mr. Robinson?

Mr. ROBINSON. Yes, I am.

Mr. TREMONT. I spoke to you over the phone, and you merely said, "You may." If I didn't have them or didn't bring them, it was all right, too.

Mr. ROBINSON. I said you couldn't produce what you didn't have. If you have your tax returns, they are called for by the subpoena.

Mr. TREMONT. Probably a misunderstanding. After all, a conversation over a telephone——

Mr. HALLEY. There is only one thing for you to do: Bring those returns in to Mr. Robinson just as soon as you have consulted your lawyer and have found out what the law is.

Mr. TREMONT. I would like to have some time. Talking to lawyers don't——

The CHAIRMAN. We are not getting anywhere here.

Mr. TREMONT. Suppose that I didn't bring those returns in——

Mr. HALLEY. Then you will be prosecuted for contempt of the committee.

Mr. TREMONT. That is what I want to know.

Mr. HALLEY. That is the answer. If those are not produced, you will be proceeded against for contempt of the United States Senate, and the penalty is up to a year in jail.

This committee has not hesitated in any case to start such proceedings.

Mr. TREMONT. When you say a record, you mean you want my income returns?

Mr. HALLEY. We want everything called for on the subpoena, and if you need advice on interpreting the subpoena——

Mr. TREMONT. My construction corporation?

Mr. HALLEY. Every single piece of paper.

The CHAIRMAN. We want your tax returns on your bookmaking activities, if you have any. I do not know about your Illinois Construction Co. Is that a legitimate business?

Mr. TREMONT. Yes.

Mr. HALLEY. We want it anyway.

The CHAIRMAN. Bring your income-tax returns on your Illinois Construction Co., and your other company, and all your books on any policy game, if you are in it.

Mr. ROBINSON. It is listed on your subpoena. There is no question about it.

Mr. HALLEY. Everything listed on the subpoena.

The CHAIRMAN. If that is not forthcoming, the committee will take action. So thank you, Mr. Tremont.

The CHAIRMAN. Come around, Mr. Manno.

Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MANNO. Yes, sir.

TESTIMONY OF PAT MANNO, CHICAGO, ILL.

Mr. ROBINSON. State your full name.

Mr. MANNO. Pat Manno.

Mr. ROBINSON. What is your address?

Mr. MANNO. Stevens Hotel.

Mr. ROBINSON. What business are you in, Mr. Manno?

Mr. MANNO. DiGeorge Tailoring, 30 North Michigan.

Mr. ROBINSON. And what other business?

Mr. MANNO. What do you mean, any other business?

Mr. ROBINSON. Are you in any other business?

Mr. MANNO. I have to refuse to answer that question, sir.

Mr. ROBINSON. Are you in the policy business?

Mr. MANNO. I have to refuse to answer that question on the ground it would incriminate me.

Mr. ROBINSON. Do you operate a wheel?

Mr. MANNO. I refuse to answer that question.

The CHAIRMAN. The chairman orders you to answer these questions. The chairman advises you that you have no right to refuse to answer a question here because it might be a violation of a State law. It is only where there is a Federal law that is going to incriminate you that you might have a right to claim your privilege.

So questions asked by Mr. Robinson, whether you are in the policy game or what other business you have, you have no right to refuse to answer. I order you to answer them.

Mr. MANNO. Senator, I have no immunity before the Senate investigating committee here, but my immunity extends to the law of Illinois.

The CHAIRMAN. The question was, What other business are you in? And I order you to answer that question.

Mr. MANNO. I am sorry, I have to refuse to answer on the ground it may tend to incriminate myself.

The CHAIRMAN. Of what offense might it incriminate you?

Mr. MANNO. I can't be a witness against myself.

The CHAIRMAN. Have you consulted a lawyer?

Mr. MANNO. Well, for advice; yes, sir.

The CHAIRMAN. Do you want to have a lawyer here?

Mr. MANNO. When?

The CHAIRMAN. I mean now.

Mr. MANNO. No. I don't know whether the man is in his office.

The CHAIRMAN. The point I make is that if you want to have a lawyer to advise you, we will give you that opportunity; but if you do not want to, there is no use fooling about these questions longer.

Mr. MANNO. I don't think a lawyer is necessary.

The CHAIRMAN. Then you do not want a lawyer? All right.

Mr. MANNO. At this time.

The CHAIRMAN. Ask any other questions, and let the record show that you are ordered to answer them; and if you do not answer them, you will have to pay the consequences. The matter will have to be taken up with the Senate.

All right, Mr. Robinson.

Mr. ROBINSON. Do you run a book?

Mr. MANNO. No, sir.

Mr. ROBINSON. Do you have any other gambling interests?

Mr. MANNO. No, sir.

Mr. ROBINSON. That is all I have.

The CHAIRMAN. The question was, You are in the tailoring business at 30 North Michigan. Then the question was asked, What other business are you in?

Mr. MANNO. No other business than that, sir.

The CHAIRMAN. None other than that?

Mr. MANNO. Whatever the question may be.

The CHAIRMAN. Why did you refuse to answer that a minute ago?

Mr. MANNO. Which one? He asked me about some other business.

Mr. ROBINSON. Are you in some other business except the tailoring business?

Mr. MANNO. I refuse to answer that question on the ground it may tend to incriminate me.

Mr. WHITE. Are you still in the tailoring business today?

Mr. MANNO. No, I wouldn't say I was. I am still paying rent there. We closed it, liquidated it.

Mr. HALLEY. Are you in the policy business?

Mr. MANNO. I have to refuse to answer that question, sir, on the ground it may tend to incriminate me.

Mr. HALLEY. Were you ever in the policy business?

Mr. MANNO. I will have to refuse to answer that question, sir, on the ground it may tend to incriminate me.

Mr. HALLEY. Were you in the policy business ten years ago?

Mr. MANNO. I will have to refuse to answer that question.

The CHAIRMAN. Prior to 10 years ago?

Mr. MANNO. I still have to refuse to answer.

The CHAIRMAN. That is all.

You remain under subpena.

Are you in the numbers racket?

Mr. MANNO. I refuse to answer that question on the grounds it would tend to incriminate me.

The CHAIRMAN. You will remain under subpena subject to further call, and we will let you know when we want you again.

Mr. MANNO. O. K., sir.

(Thereupon, at 5 p. m., a recess was taken until 10 a. m., Thursday, October 19, 1950.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

THURSDAY, OCTOBER 19, 1950

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
Chicago, Ill.

EXECUTIVE SESSION

The hearing reconvened, pursuant to recess, at 10 a. m. in Room 280, United States Court House (Old Post Office Building), Chicago, Ill.

Present: Rudolph Halley, chief counsel; George S. Robinson, associate counsel; George H. White and William C. Garrett, investigators; and Julius Cahn, administrative assistant to Senator Wiley.

Elmer Oltman, Intelligence Unit, Bureau of Internal Revenue, Kansas City Division; and N. F. Ortwerth, internal revenue agent, St. Louis Division.

Mr. HALLEY. This is a continuation of the statement of Mr. Serritella pursuant to the understanding arrived at at the conclusion of his testimony before the committee.

You will note the presence of Mr. Garrett, Mr. Robinson and Mr. Cahn.

FURTHER TESTIMONY OF DANIEL A. SERRITELLA, CHICAGO, ILL.

Mr. HALLEY. Senator, did you manage to clarify in your mind the \$8,700 of income?

Mr. SERRITELLA. Just like I said to you, Mr. Halley, I looked for the return for 1945 and I couldn't find it. The only returns I have are what I gave to Mr. Robinson. I went to my lawyer's office and asked him if I had the return there and if he recollected anything like that. He said, "Gee, I can't remember that far back and I gave you what I had."

So if I had the return I would know from the return what that would be, you see. Like I said to you yesterday, Mr. Halley, that \$8,700 might have been something maybe like I remember during the time that Farrell started that suit before Judge Lupe in superior court. Our circulation started dropping and we had to put more money in to meet the payroll. We had to go in there and put in more money to pay our employees.

Mr. HALLEY. That would be in the scratch sheet?

Mr. SERRITELLA. That is right.

Mr. HALLEY. But if that happened it would be in the nature of a loan, wouldn't it, rather than an income to you? You wouldn't want to pay income tax on it.

Mr. SERRITELLA. No. That would be extra money that I would put in and invest. In other words, that—

Mr. HALLEY. But you wouldn't be silly enough to pay an income tax on it because it would be a loan from Guzik.

Mr. SERRITELLA. I have been thinking it over, you see. In order to get the thing straight in your mind, Mr. Halley, and Mr. Robinson, and the rest of you, it is this: If you understood me yesterday, I bought this fellow—I was a partner of Eddie Kensella and he and I—I think that is where the \$8,700 came in, you see. I think he and I both put up \$8,700 to start off. I think it was 723 South Wells Street in the Swigert Paper Building Co. That is where we started to produce the Blue Scratch Sheet.

Mr. HALLEY. What happened? Did Guzik give you the \$8,700?

Mr. SERRITELLA. No; at that time I had that money myself, you see. I put that money in myself. Here is what happened: I sold out—I have to give you the history to bring you right up to date here: I sold out; I sold the National. We used to call that the National Scratch Sheet. For two or three years that elapsed there I didn't do anything and finally Kensella said to me that he had the Blue Scratch Sheet and he wasn't doing so well, so he said, "Dan, I would like to have you in as a partner." He said, "If you are feeling better, if you want to go in business I will be glad to take you in as a partner."

So I said to him, "If it doesn't take too much money I will be glad to come in with you."

He said "I will figure out what it is and let you know."

So I got together with him and we formed a partnership. I think I was a partner of Kensella there for maybe a year or so, and then Farrell came in. He took over. He bought out Kensella.

That is the story.

Mr. HALLEY. Keep thinking about that \$8,700 which has been charged up as income, and see if you can think of any \$8,700 that you received from Guzik in that year.

Mr. SERRITELLA. Yes. If I had the return—could I get a copy, from the Internal Revenue Office, for 1945, if I asked for it?

Mr. HALLEY. I don't know. You would have to ask them yourself.

Mr. SERRITELLA. I will go in and ask.

Mr. HALLEY. That may help you to solve it.

Mr. SERRITELLA. That may help to solve the whole thing. That is what I will do. When I leave here I will go down and see John Jarecki. I will tell him the situation that I want to clear up something, and will see if he will do it. Then I can report to George. Is that all right, Mr. Robinson?

Mr. ROBINSON. That is my suggestion.

Mr. HALLEY. I can't authorize him. It is up to him whether he can do it or not.

Mr. SERRITELLA. I will ask him. The only thing he can say is "Yes" or "No."

Mr. HALLEY. Surely.

Senator, you knew Ragen how long?

Mr. SERRITELLA. About 30 years.

Mr. HALLEY. How did you first get to know him?

Mr. SERRITELLA. He came in from Cleveland. He was circulation man on a newspaper in Cleveland. He was made circulation manager of the Chicago-Herald American. He took George Hartford's place.

I was president of the Newsboys Association, and at that time the Flanagan boys—you see that is why I say to you, you fellows haven't got the real story of the scratch sheet from the start, the Red Scratch Sheet and Turf Bulletin was the first scratch sheet that came to Chicago and it came in 1924 or 1925. I got the names of the two fellows, the two Jewish boys by the name of Adelman.

Mr. HALLEY. What did they do? Go in with Flanagan?

Mr. SERRITELLA. They came in here. You see, they asked me, I was the president of the association, so a fellow by the name of Miller, used to be a referee, David Miller. He is a referee, just retired. He refereed all the big fights there. The Adelman boys went to Harry Miller. He had a restaurant on Kedzie and Roosevelt Road. He said "I have a scratch sheet and I want to put it on the newsstand."

He said, "I will introduce you to the fellow who is president of the association and he will be glad to see you get on it."

He asked me if I would handle it. I said I couldn't handle it because I had my own business. I gave him a fellow who used to work with the Chicago Journal. The Journal went out of business. I recommended him to a fellow named Bob Holbrook. Bob Holbrook handled the sheet. Then the Flanagans went in and they muscled themselves in with the Adelmans. After they muscled themselves in as a partner, 50 percent, they kicked them out altogether. They broke their heads and sent them right back to New York. They took the sheet. They said "We want you, Dan, because you have the good will of the newsboys. We want you in." At that time I was married in 1920. I have three grandchildren. I have been married 30 years. I got in there and there were a lot of arguments. One day I ran into Annenberg. He said "Why do you want to monkey around with Flanagans? Forget about them. Don't have nothing to do with them. Why should you? You are married and have a couple of kids. Have nothing to do with them."

So I went in and stepped out of it. I told them at the time, "I am stepping out but some day I am going to have a scratch sheet," you see.

When the time was ripe, after Thompson was defeated for mayor in 1930, I went into the insurance business there and I went into the slot-machine business. I didn't make so good. So I went into the scratch-sheet business. That is the correct story.

Mr. ROBINSON. Did Annenberg help you in getting in that, Dan?

Mr. SERRITELLA. Annenberg did all he could for me. Here is what he did. I had his good will.

Mr. HALLEY. Was Ragen with Annenberg?

Mr. SERRITELLA. Yes; he was working for Annenberg. He was general manager of the General News Bureau.

Mr. HALLEY. Were did you get your information, say, in 1934?

Mr. SERRITELLA. In 1934 I got my information from Nationwide. At that time Annenberg bought out Jack Lynch, bought out General News Bureau. I bought it from Nationwide.

Mr. HALLEY. You would get it direct from Annenberg?

Mr. SERRITELLA. Yes; from Nationwide. I paid \$500 a week. The Flanagans paid \$500 a week.

Mr. HALLEY. It came a little steep; didn't it?

Mr. SERRITELLA. Yes. At the time there the Flanagans were paying \$350, you see, so what's-his-name said, "If you are both going into business I want \$500 a week." So we both paid \$500 a week.

Mr. GARRETT. Did you really pay \$500 or just mark it on your books?

Mr. SERRITELLA. No. I had checks. I sent them checks.

Mr. GARRETT. Did you get the \$500 back from him then?

Mr. SERRITELLA. No.

Mr. GARRETT. Mr. Robinson I think showed you some material from Ragen's statement where he said something about that.

Mr. SERRITELLA. He didn't show me that one. You never showed me that.

Mr. ROBINSON. Yes; I think that is what Ragen said, Dan.

Mr. HALLEY. Were they giving you a special break, Dan?

Mr. SERRITELLA. I tell you, I think that Ragen never had any love for the Flanagans. The Flanagans were the ones, when they came over, they were working for the Tribune, you see, and they were always working against M. L. and Ragen. They were not friendly. Ragen was never friendly with the Flanagans. He was hoping that my business would go on. He tried to help me as much as he could in his own way.

Mr. HALLEY. Ragen said in the statement that they gave you back the \$500.

Mr. SERRITELLA. I showed them, whatever it was there, my auditors, Altschuler & Glasser. That is away back in 1935.

Mr. HALLEY. Is that what happened? Did they give you some of the money back? Did they rebate some of it back to you?

Mr. SERRITELLA. You see, at that time we had a lawsuit, and I was going according to whatever instructions the lawyers and the auditors would do there. At the time I owed some money even to the Racing Form that I had to pay back because the lawyers said, "You have——." Like I had ads in the Racing Form for the news. I had ads running in there, and the ads amounted to so much money. The Racing Form—there was a fellow by the name of Hasinger who set up my office there and I bought some equipment from the Racing Form. I bought an old linotype machine. I bought, I think, some presses from him, and I paid him back in check because I had to pay him back.

Mr. ROBINSON. Look, Dan, the Flanagans never treated you too kindly; did they?

Mr. SERRITELLA. No.

Mr. ROBINSON. You were a friend of Annenberg?

Mr. SERRITELLA. Yes; that is right.

Mr. ROBINSON. Annenberg didn't like the Flanagans at all; did he?

Mr. SERRITELLA. That is right.

Mr. ROBINSON. Annenberg wanted to help you out and you wanted to go into the scratch-sheet business.

Mr. SERRITELLA. That is right.

Mr. ROBINSON. And Annenberg wanted to put the Flanagans out of business. I am not trying to get you involved in any situation at

all, but that is practically what happened. Annenberg hated the Flanagans.

Mr. SERRITELLA. That is right. I said that.

Mr. ROBINSON. And he wanted them out of business. Then the Flanagans sued Annenberg and they lost the suit.

Mr. SERRITELLA. Yes. And they sued me, too.

Mr. ROBINSON. The minute you went in business, Annenberg gave you a rate of \$500, and he jumped the rate of the Flanagans up.

Mr. SERRITELLA. No; the Flanagans were paying \$350 a week, and he said, "both of you." Ragen called us in and said, "You both have to pay \$500." So we jumped it \$150 each.

Mr. ROBINSON. What he was trying to do was to push the Flanagans around a little bit; isn't that right?

Mr. SERRITELLA. The Flanagans muscled everybody.

Mr. ROBINSON. I know that, and they were trying to pay him back for the job that he had done; isn't that right? It is so obvious.

Mr. SERRITELLA. The thing was, when I went in to ask, Ragen said to me, "Ask Annenberg to go along with you on the scratch sheet." At one time I tried to go in the scratch-sheet business in 1925 or '26, and Crowe was State's attorney at the time. I went up there and they wouldn't give me service. They said Lynch was there, and he said "I can't give you any service because Crowe won't stand for it."

Mr. HALLEY. Senator, how were Annenberg and Ragen favoring you over the other scratch sheets?

Mr. SERRITELLA. I knew Annenberg. I always helped him. He was interested in the Racing Form. He had 90 other magazines.

Mr. HALLEY. You don't understand me. I know they favored you.

Mr. SERRITELLA. Yes.

Mr. HALLEY. How did they do it? What did they do to give you a break?

Mr. SERRITELLA. Here is what he did for me: He had a fellow set up a printing plant for me to get the linotype and the presses there. He said to me I could pay them back at so much a month when I had it. He said, "Don't worry about the money end of it. You can make your own arrangements with a fellow named Cruse." Cruse was running the Racing Form at the time. So we made an agreement that I would pay him so much a month on the machinery instead of my going out and borrowing a lot of money to go in business. I paid the Racing Form back for whatever they put in there, you see, whatever machinery and stuff I needed to equip the place to print a scratch sheet.

Mr. HALLEY. What did they do so far as the \$500 a week? Did they credit that to what you owed the Racing Form?

Mr. SERRITELLA. You see the service was separate from the Racing Form. The Racing Form was where they gave me machinery and some ads in the Racing Form and the service for service, you see.

Mr. HALLEY. Look, Senator. You are a smart man and you are acting as though you don't understand. Ragen said in his statement that they wanted to give you a break and they wanted to beat the Flanagans, so they made this very high price of \$500 a week for the service. And they made the Flanagans pay it, but they rebated to you. What we are trying to find out from you is how that worked.

Mr. SERRITELLA. Here is what I know I did. I made a check out for \$500 and we sent it to the Nationwide News, sec. Here is what I got to do now. I have to find out—afterward there was something there with the lawyer, Joe Rosenberg, and Altschuler & Glasser. I have to find out from them.

Mr. HALLEY. What happened? Did they work out a way to get the money back to you?

Mr. SERRITELLA. They must have worked out something. I don't know what it is, but I could find that out for you.

Mr. HALLEY. They did work out a way of getting the money back to you?

Mr. SERRITELLA. I think they did. I am not sure. I will have to find it out.

Mr. HALLEY. All of it or part of it?

Mr. SERRITELLA. I want to find out. I will be glad to get you that answer.

Mr. HALLEY. Will you put that on the list?

Mr. SERRITELLA. That is right. Before I leave I will make a note of what I have to do.

Mr. HALLEY. I will tell you what I think would like to do because I think you should start refreshing your memory and take your time on this, there are so many gaps in what you said.

Mr. SERRITELLA. I don't want to lie to you.

Mr. HALLEY. I won't question you too much today. I would like you to get these points that we still have open and then we can go on to the next point with you and Mr. Robinson and Mr. Garrett in the next few days.

Mr. SERRITELLA. Whatever George—I can make arrangements with Mr. Robinson.

Mr. HALLEY. I do think you ought to get your memory cleared up on that point to start with.

Mr. SERRITELLA. I would like to get the whole thing over with so I won't take your time and mine.

Mr. HALLEY. It will take some time if we struggle on each one of these points for 20 minutes. It doesn't pay. It doesn't pay to do it that way. We would rather you sat down with your lawyers and get it figured out. What we want you to do is to get your memory straightened out.

Mr. SERRITELLA. I will. I don't want to make a statement unless I am sure.

Mr. ROBINSON. You read Ragen's statement, didn't you, Dan?

Mr. SERRITELLA. It has been so far back.

Mr. ROBINSON. How long ago was it that you read it?

Mr. SERRITELLA. Maybe 5 or 6 years ago. Ragen died in 1946. I think it was away before he died that I saw his statement.

Mr. ROBINSON. Do you think it would help refresh your recollection if you and I sat down sometime in the office and went over his statement?

Mr. SERRITELLA. Yes.

Mr. ROBINSON. You have read it once.

Mr. SERRITELLA. Yes. I tried to check on that case I had with Farrell. The only thing I had to do was to go back and take a look at the transcript, to see what was in there.

Mr. HALLEY. You know, Senator, we have all this income-tax information. The story is there, and we are putting it together.

Mr. SERRITELLA. I want to give you the right story.

Mr. HALLEY. You might just as well be on the right side.

Mr. SERRITELLA. Sure.

Mr. HALLEY. You are too far along in life to start fussing about ancient history and putting yourself in wrong on those things.

You must have been in an awful spot between Ragen and Guzik back in 1946.

Mr. SERRITELLA. Yes. They both acted like a couple of kids. I tried to get them to compromise. I said to Ragen, "Jesus, I am the goat in this here thing, you are picking on me, putting me out of business." I was the fellow who really was the goat. I lost everything I had.

Mr. HALLEY. Did Ragen know that you had Guzik backing you? Did he know that?

Mr. SERRITELLA. Here is what he knew——

Mr. HALLEY. He must have suspected it.

Mr. SERRITELLA. No, no. He knew all the time. You see, Ragen knew—don't worry. Every time that Ragen wanted something he used to call me up at the house. I did a lot of favors for Ragen. I did a lot of good for him. He used to tell a lot of people, anybody that was close to the office, he would say "Dan is just like a son to me." He had me doing a lot of stuff for him. I straightened a lot of things out with people that he didn't know when they came to Chicago. I used to go in there and talk to them and get customers for him. Like when the General News Bureau and the Nationwide broke up, I went over and got him a lot of customers, people that I knew. That is why he used me. He used me as much as he could.

When the time came, I said to him, I am not going to put a cripple out of business, Hymie Levin. I am not kidding you people. That fellow, any day he would be dead. The fellow is cripple. When I walk in his room, a fellow had to carry him from one bed to another. I said to Ragen "I don't want to be any part of putting a guy like that out of business." I said "Make a deal with him. Make the best kind of deal you can with him."

He said, "You give me enough money so I can pay my doctors," Hymie said, "and nurses and I will be glad to sell out to you."

Mr. HALLEY. Did Hymie want to sell out to Ragen?

Mr. SERRITELLA. Yes, he wanted to get out.

Mr. HALLEY. Why didn't Ragen buy him out?

Mr. SERRITELLA. Ragen didn't want to buy him out. Ragen just wanted him to turn it over and he would give him so much a week, make an employee out of him, you know. Most of the people they have bought out, they bought them out with O. P.—other people's money. They paid him so much a week. They never paid cash.

Mr. HALLEY. What happened? Ragen was putting the squeeze on Hymie Levin, then?

Mr. SERRITELLA. Yes. He said this. He said to me, "I have come from Washington and my lawyers"—Gallagher was his lawyer and he had this fellow who is now Senator, McMahon was his lawyer. Every time he goes to Washington they ask him if he has any hoodlums in business with him, and he says no. He says, "In Chicago we

don't like the situation. Levin is servicing a lot of customers because I think Hymie paid income tax for customers that he took care of." He paid Uncle Sam.

Mr. HALLEY. He showed it all?

Mr. SERRITELLA. He showed it all, you see. He said to me, "It has to be all under one company. This will wreck the whole industry. One of these days," he said, "Edgar Hoover will just put us all out of business."

Mr. HALLEY. So Ragen was afraid of the hoodlum end of it, is that right?

Mr. SERRITELLA. He used Hoover. He said a story that really happened away back, Edgar Hoover had some information that Capone was a partner in the General News Bureau. So Annenberg's daughter was being married in New York, see, and at the wedding there Gen. Roy D. King, who passed away, the Black Horse Troop, who was later attorney for the Sunday Times, he sent him to Washington. He went in there and said Capone doesn't even own a lead pencil in the News Bureau. Then he had an awful time to convince Hoover that Capone had nothing to do with the service, which he didn't. So he came back and said that he is having the same situation, that every time he talked to his lawyer, his lawyer says you have to get Hymie out of the business.

Mr. GARRETT. What was wrong with Hymie? Did he have a criminal record?

Mr. SERRITELLA. I think he served time on an income tax charge. I knew Hymie Levin when he and his brother had an auto parts place on Eighteenth and State.

Mr. HALLEY. Hymie was one of the Capone boys. That is what was wrong with him.

Mr. SERRITELLA. No; he started out in the automobile business. Then later on he went out of the business there.

Mr. HALLEY. He was in the beer business with Capone.

Mr. SERRITELLA. Yes; and he served time. That is the only thing, on income tax.

Mr. HALLEY. Hymie also had Guzik with him in there?

Mr. SERRITELLA. I think he is dead. The brother, Harry, not Jack. Jack never had nothing to do with Hymie.

Mr. HALLEY. Jack Guzik?

Mr. SERRITELLA. Jack had nothing to do with him.

Mr. HALLEY. You mean Greasy Thumb?

Mr. SERRITELLA. Harry, the one that died.

Mr. ROBINSON. Humphreys was in that too, wasn't he?

Mr. SERRITELLA. No; Hymie had that all by himself. He started off, and when Annenberg quit, he carried on.

Mr. GARRETT. That was servicing Guzik's books? Wasn't that the tie that came in? Certain books that Guzik had an interest in?

Mr. SERRITELLA. Annenberg pleaded guilty with the understanding that he go on with the business, but there was no more business. They went around and shut out all service all the way around. They went out of business. Annenberg carried on at the time. Ragen promised Annenberg that he wouldn't go in the business because he had a case pending on income tax. So Hymie carried out—

Mr. GARRETT. What I am getting at, who were Hymie's customers?

Mr. SERRITELLA. Hymie would take anybody, anybody that wanted service from him and would pay for it.

Mr. HALLEY. He had a couple of hundred bookies around Chicago, didn't he?

Mr. SERRITELLA. I don't know what he had, whatever he had.

Mr. HALLEY. Guzik and his crowd were lining up the bookies for Hymie, weren't they? They had a piece of a lot of the books? It all worked like a chain-store operation.

Mr. SERRITELLA. I wouldn't know that.

Mr. HALLEY. You knew. You were selling the scratch sheet around town.

Mr. SERRITELLA. The only thing I knew, I was interested in selling the scratch sheet. We got away from the books during the time that we had this lawsuit. Mr. Halley, we used to sell scratch sheets to bookmakers after 12 o'clock, you see. They used to be 35 cents in the morning. We would sell them for a nickel afterward. After 12 o'clock the scratch sheet thing was gone. So we used to sell them. The Government and the State's attorney had us cut that out, so we made them all 10 cents. We sold them directly to the newsstands. We never sold them to the books. So the bookmakers, if they buy them, they buy them from the newsstands.

Mr. HALLEY. What happened when Ragen put the squeeze on to get Hymie out? Hymie wouldn't quit?

Mr. SERRITELLA. Hymie said he would.

Mr. HALLEY. He would sell out?

Mr. SERRITELLA. He would sell out. He wanted Jim to give him enough so he could live on.

Mr. HALLEY. Why wouldn't Ragen do that? I don't understand.

Mr. SERRITELLA. I don't know why he wouldn't. Nobody could convince him. I said to you yesterday, I could see how the fellow was acting, you know. He never acted the way he did. So I got hold of his son. I knew he was jumpy. I called up Junior and said, "Junior, your dad is not acting right." He acted the same way when he had a son named Matt who died with a mastoid, you see. He went to the sanitarium then for a little while. So I said to him, "Jim, why don't you go away? I will go away with you. We will go to Sacred Heart and I will take a room and stay with you if you want me to. You will be all right in 3 or 4 weeks or a month and when we come back we will go to Florida."

Mr. HALLEY. Why wouldn't he want to pay Levin? He had a good business and wanted Levin out; why wouldn't he buy him out?

Mr. SERRITELLA. Stubborn. I said to him, "Hymie wants to sell out. Go over and make a deal with him and take care of him."

He said "I am not going to give him—if he wants it, I will give him just enough to get by."

Mr. HALLEY. What did Levin start doing? He started to sell his own service?

Mr. SERRITELLA. The first thing he started to do was this: Like I said to you, he showed me a Green Scratch Sheet he was going to print, and he held it there. He said "I am going to give you—" In other words, he put pressure on me. He said "In 5 or 10 days from now, if Hymie is not out of business, I am going out with this new scratch sheet."

Mr. HALLEY. What did that mean, would he also be selling wire service at the same time? Would he be cutting around Hymie on the wire service?

Mr. SERRITELLA. Yes, he cut Hymie off.

Mr. HALLEY. He cut him off?

Mr. SERRITELLA. He cut him off.

Mr. HALLEY. When he sold the scratch sheet was he at the same time going to sell wire service?

Mr. SERRITELLA. That is right. You see, like I said to you yesterday Hymie was one of his customers, and Hymie was paying him \$750 a week for the service. So he cut Hymie off. He wouldn't give him no more service. He took the service out of my scratch sheet and put it into this new Green Sheet. He started getting customers away from my business.

Mr. HALLEY. He was going to sell him the wire service as well as the scratch sheet?

Mr. SERRITELLA. That is right.

Mr. HALLEY. And Hymie would be out.

Mr. SERRITELLA. Sure. I said to him, "What do I have to do with Hymie? That is something between you and Hymie."

He said, "Dan, I am sorry. If Hymie doesn't go out, you go out with him." He said "No bones about it."

Mr. HALLEY. Hymie was getting that service awfully cheap, wasn't he?

Mr. SERRITELLA. What? He was getting it from Ragen. Ragen made the rate.

Mr. HALLEY. That was a very cheap rate, wasn't it?

Mr. SERRITELLA. He paid a lot of that service even during Burns'— You remember when Burns shut off the service.

Mr. HALLEY. Yes.

Mr. SERRITELLA. He paid the service while nothing was going on.

Mr. HALLEY. He probably kept collecting from the book, too.

Mr. SERRITELLA. Yes. At that time Mexico was going, and that track in Cuba. That is about all.

Mr. HALLEY. On the average, what would Levin get from a book, about \$100?

Mr. SERRITELLA. No, some of them were making probably \$25 or \$30. You see, this business, you would be advised. I want to give you my honest opinion, and you can check if you want to. The bookmakers are quitting every day.

Mr. HALLEY. I mean, back in 1946 and 1947, what was the average rate you would get from a book?

Mr. SERRITELLA. Some books were paying \$25 a week. I know that. Even Farrell had customers that were paying them \$25 a week.

Mr. HALLEY. That was the lowest. But what was the average?

Mr. SERRITELLA. The highest probably was \$50, and some who had bigger books probably paid a little more. It varied, the ones who had a bigger book.

Mr. HALLEY. So Levin had a pretty good thing. He was paying \$750 a week. He must have been taking in a few thousand a week.

Mr. SERRITELLA. Something, I don't know. I wouldn't know his business. I never asked him his business.

Mr. ROBINSON. Dan, isn't this the situation? I think it is pretty much what Ragen said. You had Hymie with an interest in quite a few books; isn't that right?

Mr. SERRITELLA. The only one he ever had was with Ryan.

Mr. ROBINSON. And Hymie also had the wire service; did he not?

Mr. SERRITELLA. When Annenberg quit, yes.

Mr. ROBINSON. What Ragen was worried about was the fellow having an interest in books and having a wire service, too. He thought that would bring Hoover in, because Ragen wasn't in the bookmaking business; was he?

Mr. SERRITELLA. No.

Mr. ROBINSON. He wanted Hymie to get out of the wire-service business.

Mr. SERRITELLA. Just being bookmaker.

Mr. ROBINSON. Yes; that is right. He finally decided to cut Hymie off. What did he tell you about the deal that he and Hymie discussed? You say that Hymie only wanted enough to pay his doctor's bills. He was paying Ragen or Midwest \$750 a week for the service. Ragen wanted him to get out of the wire service. What did Hymie want in return for that or what did Ragen tell you about what Hymie wanted in return for that?

Mr. SERRITELLA. He said to me at the time: "I am trying to make a deal with him that I will give him so much a week." He said: "I don't think we are going to get anywhere. I think he wants too much, and I don't want to pay that kind of money."

Mr. HALLEY. Even that wouldn't help; would it? You go ahead, George.

Mr. ROBINSON. I think we are getting pretty close to what Ragen talked to you about. Wasn't that about the time that the deal was discussed. I am not saying they entered into the agreement at all, but the deal was discussed that Hymie would get out of the wire-service business and just confine himself to the book if he could get a certain percentage of Midwest's returns from all the books that they were serving in Chicago.

Mr. SERRITELLA. No. Ragen said the only way he could do it was that he pay him so much a week. He said to me: "Dan, you remember a fellow named Peters that had a wire in Connecticut?"—he had TB, you see; his wife was with him and the doctors gave him only about a year to live—"the fellow said: 'I will give you and your wife a contract for so many years.' The only thing I could do was give him a contract for so many years at so much a week. That is the only way I could buy him out."

Mr. ROBINSON. But Dan, how much did Hymie want to get a week?

Mr. SERRITELLA. I don't know that. Ragen never discussed that with me.

Mr. HALLEY. Did Hymie ever tell you?

Mr. SERRITELLA. No. Hymie never told me. They had their own huddle together.

Mr. HALLEY. I don't see how that would have solved the problem at all, because Hymie was obviously taking care of the books that the mob had here in Chicago. He was taking care of Accardo's books and all the books around town. If Ragen took over the wire service

here in town and tried to stop dealings with the old Capone crowd, Ragen would have a fight on his hands.

Mr. SERRITELLA. No. Ragen would still service whatever customers he would have taken over that Hymie had. Instead of paying Hymie they would pay the Midwest News.

Mr. HALLEY. How would that help Ragen with J. Edgar Hoover?

Mr. SERRITELLA. To say that he is supplying them, and nobody is selling news in Chicago but him.

Mr. ROBINSON. In other words, that the mob boys were not in the wire service.

Mr. SERRITELLA. Not at all; that he was handling it himself.

Mr. ROBINSON. That is what Ragen wanted to take care of.

Mr. SERRITELLA. Yes.

Mr. ROBINSON. Didn't he talk in a hotel room at one time with Hymie about that?

Mr. SERRITELLA. He went to see Hymie a dozen times. He and Hymie had a lot of huddles together to straighten the thing out. He and Hymie tried to come to some agreement. I went to Hymie and I said "My only interest here is—I am in a position where he is using me as the goat." I said: "If you don't want some kind of deal, I will be out of business too," which was the truth.

(Off the record.)

Mr. HALLEY. On the record, here is what I don't get, because I am a New Yorker and I know the score there, but Chicago is sort of new to me: What was Hymie's set-up that bothered Ragen and J. Edgar Hoover? What was the set-up there with Hymie?

Mr. SERRITELLA. Like Robinson said, that he was servicing the book-makers and he didn't want him to do that. He wanted to handle everything that was in Chicago. He wanted Hymie out.

Mr. HALLEY. The theory was that Hymie was with the Capone crowd; is that right?

Mr. SERRITELLA. That was one thing. Another thing was: The same in New York. You say you "know" New York. You know Armstrong doesn't serve books. If there is any service, the Continental services it.

Mr. HALLEY. They wouldn't have minded, for instance, Midwest, and so on. They wouldn't have minded, apparently, except that Hoover was claiming that.

Mr. SERRITELLA. Yes; that Chicago was the only place that was serviced by two different ones, like Midwest and Hymie.

Mr. HALLEY. And Hymie—well, Harry Guzik wasn't enough. I don't think anybody would have worried so much about Harry Guzik. Who else was in there with him?

Mr. SERRITELLA. With whom?

Mr. HALLEY. With Hymie Levin.

Mr. SERRITELLA. Hymie was there by himself.

Mr. HALLEY. Humphreys must have been in it.

Mr. SERRITELLA. No.

Mr. HALLEY. Ragen says that Humphreys is one of the fellows who came and talked to him and threatened him.

Mr. SERRITELLA. I tell you, to be honest with you, a lot of book-makers when they couldn't get service, Hymie gave it to him and a lot of fellows who couldn't pay didn't even pay Hymie. Not because

I want to put any bouquets on the fellow; Hymie is well liked. He is a good-hearted fellow.

Mr. GARRETT. At this time he was taking quite a few customers from Midwest because—

Mr. SERRITELLA. He had that agreement with Ragen. When he paid the \$750 a week, he and Ragen agreed that they would not take each other's customers. So they kept that agreement.

Mr. GARRETT. Do you think Hymie kept that agreement?

Mr. SERRITELLA. Yes; he did. Ragen knew he kept that agreement.

Mr. CAHN. May I ask a question?

Mr. HALLEY. Surely. Go ahead. George, this is Julius Cahn.

Mr. CAHN. Mr. Serritella, did Ragen talk only to Hymie in these repeated huddles? Did you say?

Mr. SERRITELLA. Yes.

Mr. CAHN. Was Hymie really in charge?

Mr. SERRITELLA. Hymie was the fellow that went out himself when Annenberg pleaded guilty, and he gave up—abandoned the news business; Hymie was the one who brought in the news.

Mr. CAHN. Hymie was the front man?

Mr. SERRITELLA. Hymie was the fellow who brought the news in. He brought it in from other—he paid a lot of money to bring it in. He probably would get it from Cleveland or Cincinnati or some place.

Mr. CAHN. Did Ragen talk to anybody else to pressure Hymie? Did anybody have power over Hymie? Was anybody above Hymie? Was anybody associated with Hymie? You talk as though Levin had the decision to make, and no one else had the decision to make besides Levin.

Mr. SERRITELLA. Nobody but Levin, because here is the man who built that business himself. Whatever it cost him to bring in the service while everything was down and Ragen's attorneys recommended him at this time not to bring any service in the Northern District of Illinois because there was something pending here—

Mr. HALLEY. Look, Senator, doesn't it get down to this: I can have myself a business. Suppose it is a fruit stand. It is my business. I buy the stuff; I sell it; I take the lease. I do the work. But I can get myself into a situation where I have got myself partners, even though it is still my business. Isn't it a fact that Levin was doing business and was practically partners with Murray Humphreys, Anthony Accardo, and Guzik? Weren't they right in there with him so that he would have to have their approval of what he did?

Mr. SERRITELLA. Well, the way Hymie talked, that was his business, and at one time I discussed it with Jack, and Jack said: "Dan, the only thing I could tell was him and Ragen to get together and straighten it out."

Mr. HALLEY. Ragen says that on several occasions you tried to arrange meetings between Ragen and Humphreys and between Ragen and Accardo. They must have had a prominent part in this picture.

Mr. SERRITELLA. You see, Ragen himself made his own appointments. I never knew he had an appointment until I read it in the paper. So he said to me; he said to me himself: "I have a telephone call, and I met so-and-so." I never made no arrangements for him. He made his own arrangements.

Mr. HALLEY. Senator, Hymie Levin didn't go out and shoot Ragen.

Mr. SERRITELLA. No.

Mr. HALLEY. So we get right down to the nut, the kernel of the thing.

Mr. SERRITELLA. The poor guy, I think they have to help him with his meals. He is an invalid.

Mr. HALLEY. And Jake Guzik isn't a gunman; so he didn't do it.

Mr. SERRITELLA. No.

Mr. HALLEY. So someone went out and shot Ragen.

Mr. SERRITELLA. I feel sorry for the poor guy Levin.

Mr. HALLEY. Somebody went out and shot Ragen. It wasn't Levin and it wasn't Guzik. So, there must have been some gunman in the picture somewhere.

Mr. SERRITELLA. If I knew, I would go and collect that dough, that \$25,000 that the Ragen family has up.

Mr. HALLEY. Give it a little thought. You have been very helpful. I think maybe you ought to arrange to see the Senator again pretty soon, George. He has a few thing he wants to clarify in his mind.

Mr. SERRITELLA. I will make a note of what you want. That is the best way—to make a note. The first thing I will do is to go to Jarecki to try to get the 1945 return; is that right? The next thing you say you want me to find out is about the \$500; is that right?

Mr. HALLEY. Yes.

Mr. SERRITELLA. I don't think I need any note on that.

Mr. HALLEY. Then we want you to read the Ragen statement.

Mr. SERRITELLA. You have my phone number, Mr. Robinson. He can call me and we can sit down and go over it.

Mr. GARRETT. I would like to ask one question.

Mr. ROBINSON. Why did Hymie want the wire service, Dan?

Mr. SERRITELLA. Here is the thing. Hymie said this to me. He said: "When everybody turned the thing over, I brought the service in here." He said: "At least I am entitled—if Ragen wants my customers, I am entitled to something. Let him give me so much a week and I will turn over the service to him." The trouble was Ragen was stubborn and didn't want to pay. Like Halley said, he wanted to give him "peanuts", you know. Jim was tight. He was a good guy, but he was tight.

Mr. ROBINSON. If you have the wire service, Dan, you can pretty much say who goes in the bookmaking business; can't you? If I have the wire service and you want to go in the bookmaking business, I am the one who says whether you go in the bookmaking business; am I not?

Mr. SERRITELLA. Yes.

Mr. ROBINSON. If I say you don't have the wire service, you can't get in the bookmaking business. That is obvious, isn't it?

Mr. SERRITELLA. I think that the more books there are, the more money they make.

Mr. ROBINSON. Sure.

Mr. SERRITELLA. What they want now is customers. They want anybody to go in business.

Mr. GARRETT. There is one question. I wonder if you could tell me who your relatives are who are in the gambling business, bookmaking business.

Mr. SERRITELLA. They are all out. Every one of them are out.

Mr. GARRETT. What were their names?

Mr. SERRITELLA. They are all out.

Mr. HALLEY. Why don't you get that later? Do you want to make an appointment now with the Senator?

Mr. SERRITELLA. Tomorrow is Friday.

Mr. ROBINSON. How about Monday?

Mr. SERRITELLA. Monday is all right. Do you want me to call you?

Mr. ROBINSON. Yes. Give me a call.

Mr. SERRITELLA. I will give you a ring and see how you are set.

Mr. ROBINSON. Monday morning early.

Mr. SERRITELLA. I will call you early Monday morning.

Mr. ROBINSON. Yes. We will sit down and go over this.

Mr. SERRITELLA. Any newspapermen, I want you to know this, I don't tell them nothing. It is better for me and better for you.

Mr. HALLEY. We are not making any statements at all.

Mr. SERRITELLA. A fellow came up to me and I said, "I don't want to make any statement. I am retired."

FURTHER TESTIMONY OF THOMAS F. KELLY, GENERAL MANAGER, CONTINENTAL PRESS SERVICE, CHICAGO, ILL., ACCOMPANIED BY WALTER E. GALLAGHER AND WILLIAM DEMPSEY, ATTORNEYS, WASHINGTON, D. C.

Mr. HALLEY. Yesterday we were in the middle of the story of the sale of the companies.

Mr. KELLY. How far did we get yesterday?

Mr. GALLAGHER. As I remember, yesterday he was at the point where Junior Ragen and Arthur came down and said that the Ragen's estate and Junior wanted to sell out to somebody and that they had to make a first offer of sale to Eddie, and so forth. Do you remember that?

Mr. KELLY. Yes, I remember now. I was a little confused on whether or not Junior Ragen had gotten authority at a certain date or not. I believe it was something like that.

The law firm of Concannon & Dillon and Arthur—Mr. Arthur was either a partner or working with them, I don't know which at the time—either called me or came to Florida, I don't know which of the two. When he got to Florida—I think I am repeating myself.

Mr. HALLEY. Go ahead, it doesn't matter. Start there and keep going. It is easier to think.

Mr. KELLY. He was in Florida, and when he hit Florida he asked me to get hold of McBride. I said, "What is the nature of your visit?" He told me the Ragens had decided to get out of the business and that according to the contract that was between—

Mr. DEMPSEY. I think you covered this yesterday. You said the contract gave him first refusal. I think that was covered yesterday.

Mr. KELLY. The contract that was between Junior Ragen, Senior Ragen, and Eddie McBride read that you had to offer the company or the partnership to the owner or to one of the partners before you could sell it out. I am trying to tell you, but in legal terms I don't know how it is expressed.

Mr. GALLAGHER. Don't worry about that. They have the contracts there.

Mr. GARRETT. We have the contracts.

Mr. KELLY. The contract is that you have to offer it to one partner before you can offer it to anybody but a partner. That is right. So Mr. McBride after meeting Arthur and myself and I believe Junior Ragen, I am not too sure of that, but, Mr. Halley, if you are interested and you want to check, I believe you could check this at the hotel for the date. I am not positive whether it was before or after Junior Ragen was in. Mr. McBride had sat with Arthur and myself for about an hour, I believe.

Mr. HALLEY. Which McBride is this now, Mr. McBride, senior?

Mr. KELLY. That is right, Senior McBride.

Mr. HALLEY. And the lawyer, Mr. Arthur?

Mr. KELLY. And myself.

Mr. HALLEY. We had better use the mister because Mr. McBride, senior, is called Arthur very often, too, and we don't want to have confusion.

Mr. KELLY. I am mixed, too. There is Arthur, senior and junior, and then there is Edward McBride.

Mr. HALLEY. Let's talk about Mr. McBride, junior, and Mr. Arthur so we will know.

Mr. DEMPSEY. It would be easier to say Thorne.

Mr. KELLY. I will mention Thorne.

Mr. HALLEY. Thorne is the lawyer?

Mr. KELLY. That is right.

Then Mr. Arthur stayed around for a day or so. Mr. McBride told him he believed that family would be interested, meaning Eddie McBride. He told Mr. Arthur to go back to Chicago and see the Ragens and go to Cleveland. All this happened down there. I am trying to give you a complete picture of what happened, but I am not so sure. Mr. Halley, if you said to me, Mr. Kelly, what day was that, I couldn't tell you the exact day. I am just telling you approximately. Is that satisfactory for you, Mr. Halley?

Mr. HALLEY. Yes.

Mr. KELLY. It is approximately around, I think, either February or March. It was in the early part of the year anyhow that Arthur was down there.

McBride had asked me, he said, "What do you think of it?" I told him I thought it was a good business and I thought at one time Senior Ragen said he wouldn't take a million dollars for it. So he told Thorne Arthur to contact the lawyers in Cleveland, who were Eddie McBride's lawyers, Hornbeck & Miller, in Cleveland.

I believe between 20 and 30 days went by, and Arthur showed up in Cleveland.

Mr. HALLEY. Which Arthur?

Mr. KELLY. At Hornbeck & Miller. Thorne Arthur showed up in Cleveland at the Cleveland lawyer's office. At Cleveland there was no deal made at that time. I believe they wanted too much money for the business or they couldn't get it cleared through the estate. They didn't know whether the Ragen estate would O. K. it. The Ragens were selling $33\frac{1}{3}$ of the estate's and $33\frac{1}{3}$ of Junior Ragen's.

A short time later Thorne Arthur returned to Cleveland, and I believe that I was in Florida yet and got on a plane and went to Cleveland. At that time there was another objection of some kind that they couldn't agree on. I think it was a third or fourth time that Arthur had gone to Cleveland. Mr. McBride was present and myself.

Mr. HALLEY. Mr. McBride, senior?

Mr. KELLY. Mr. McBride, senior.

At that time the deal was closed for Eddie McBride, who I believe was in town at that time. I believe he was in the office later on. I believe he came in the office later on. In fact, I think he was a student at Notre Dame at this time. He just got home from the war, anyhow. He was home from the war and he had gone back to school. I am telling you this now as close as I can get these things together. The deal was closed, and the Continental Press was owned 100 percent by Edward McBride. Thorne Arthur and myself came back to Chicago. I announced in the office at that time that Edward McBride owned the business, that everybody should carry on the same as they did under Ragen and everybody agreed that they would.

After we went along for I think about 25 days, 20 days, somewhere in that area, I went to Cleveland and talked to Mr. McBride about what share Tom Kelly was entitled to since Mr. Ragen had been out of the picture and I was manager of the Continental Press. So we discussed certain things pro and con. I don't recall what we actually talked about, but I was interested in getting some money for my efforts. So, to the best of my knowledge, Mr. McBride, I believe, said to me, "What do you think you are entitled to?"

At that time I told him that I thought I was entitled to and should get 15 percent of the net of the business. Mr. McBride told me then he would let me know after talking it over with Eddie and the lawyers. I got my 15 percent and then I discussed a salary besides that. Word came back to me, I don't know whether it was through the bookkeeper or whether it was through my efforts going down there, that I was getting three to four hundred dollars a week and they thought that was enough. So I agreed, and that is the way it stands today. I get 15 percent of the net and I get \$400 a week.

When we were in Cleveland after Thorne Arthur had made up the contracts and everything was signed, he was talking about going in business for himself, away from Concannon & Dillon. He asked me if I thought that Continental Press would maintain him as their lawyer, as he had represented the Continental Press practically since he was with Concannon and Dillon, since they were in business. He was immediately hired by Continental Press as their lawyer for, I believe, \$9,000 a year or \$96,000, something like that.

After I returned to Chicago I remember Ragen's telling me—in fact, when Mr. Ragen was alive he would send me over to Arthur's office to talk to Arthur or Concannon with a message that he had about certain problems. Arthur was practically the lawyer who took care of Ragen's business as far as Continental Press was concerned.

Mr. HALLEY. Before we go further with the chronology, we gathered from Eddie McBride that all of the negotiations for the purchase were done by you and his father and Eddie had no say or part in them.

Mr. KELLY. That is correct, because Eddie McBride at that time was either in the Army or in school. He was either one or the other.

Mr. HALLEY. He has taken the position that ever since then you have been operating Continental Press.

Mr. KELLY. I have been operating Continental solely, without any orders. I have had suggestions from different people, but in hiring and firing Tom Kelly was the first and last words. I done everything. Nobody tells me what to do. I am the sole boss. If a problem came up or something that I didn't know about or didn't have too much knowledge of, I would go to the lawyers and ask them just what they would do if they were in my position. That is the way I would operate.

Mr. HALLEY. But it is your baby.

Mr. KELLY. Yes, sir; 100 percent.

Mr. HALLEY. And has been since 1947?

Mr. KELLY. Since Eddie McBride took it over.

Mr. HALLEY. That would be April 1, 1947.

Mr. KELLY. Around that time. I guess you can check the Continental contract, the exact date.

Mr. HALLEY. You make your headquarters in Chicago?

Mr. KELLY. I have an office over here. There is a suite of offices over there at 431 South Dearborn on the sixteenth floor. I am in and out of there. It is not actually an office. It is just a place to get a call and get out.

Mr. HALLEY. What do you have in Cleveland?

Mr. KELLY. All the books and all the records have been there in Cleveland, that is the office has been there, since 1939.

Mr. HALLEY. Is there a central point at which the information is gathered and out of which it is spread?

Mr. KELLY. Yes, sir; there is. That would be for Mr. Hawkins who had taken Mr. Lloyd's place since Mr. Lloyd died to give you a chart of exactly which way it goes.

Mr. GALLAGHER. Where is that central point?

Mr. KELLY. You have a New York office, where news would come into that office and then it would come into—let me explain it this way until Mr. Hawkins gets in, Mr. Halley, please. Hawkins is the chief wire man. The way the wires go, which way they are set up, I don't know, because that is his job. Mr. Lloyd, as I told you yesterday, was the fellow who actually ran all of that wire business. He is the chief operator. He knows where the wire goes, who has them and where they are located. I can tell you this. There are two offices, a New York office and a Chicago office that the wires go in and out. The one in New York is at 305 Broadway, and the other one is here in Chicago at 908 South Wabash. The Continental Press rents a space at 906 Wabash where they have their wires. Does that answer your question?

Mr. GALLAGHER. Isn't it true, Tom, that the Morse wire from the west and all come into Chicago and that is a relay point and other operators put it on a southern wire or other wires?

Mr. KELLY. Some of them it is, but some wires go right through and go right out. That is what they tell me. I am getting back to telling you something that I don't know what I am talking about, but that is the way they tell me anyhow.

Mr. HALLEY. Do we have or could you give us now a list of all the changes that have been made since you took over, since April 1, 1947.

Mr. KELLY. Changes in which way, Mr. Halley?

Mr. HALLEY. Changes in two things: One, distributors for Continental. Have there been any changes in distributors since April 1, 1947?

Mr. KELLY. Very, very few.

Mr. HALLEY. Have you had any new customers or lost any old ones?

Mr. KELLY. Since 1947, what month? The whole year?

Mr. HALLEY. Since April 1.

Mr. GALLAGHER. Let's see if I can state that for you and see if it is correct. No. 1, they did have a distributor in California.

Mr. KELLY. Who did?

Mr. GALLAGHER. Continental. Up until McBride took over.

Mr. KELLY. That is right.

Mr. GALLAGHER. They had a distributor called Consolidated Publishing. That distributor went out of business under the McBride case in the ninth circuit, in February of 1949. So Continental has had no distributor in California since that time.

Mr. GARRETT. Is Consolidated the same thing as the Los Angeles Journal Publishing Co., Russell Brophy?

Mr. KELLY. Two different organizations, although Mr. Brophy I think had part of that company. I think he was a partner in it.

Mr. GALLAGHER. So that is one distributor that is gone that was in existence between April 1, 1947, and the present.

Since April 1, 1947, you have gotten a new distributor at Las Vegas, isn't that correct?

Mr. KELLY. Not a new one. We had a new distributor there for their business but we had it before.

Mr. GALLAGHER. You had a point there, you had a distribution point, you had a distributor, but the distributor since April 1, 1947, now is James Dunn.

Mr. KELLY. That is right.

Mr. GALLAGHER. He wasn't the distributor on or about April 1, 1947. That is what you want to know, isn't it, Rudy, where the changes are? Isn't that correct, Tom?

Mr. KELLY. That is right.

Mr. GALLAGHER. Subsequent to April 1, 1947, you took back as a distributor Fogarty at New Orleans, is that right?

Mr. KELLY. What year was that?

Mr. GALLAGHER. On April 1, 1947, when Eddie McBride bought out Continental Press, you had no distributor in New Orleans, is that correct?

Mr. KELLY. Yes, that is correct.

Mr. GALLAGHER. Subsequent to April 1, 1947, you gave the Louisiana area territory to Fogarty, is that correct?

Mr. KELLY. That is correct.

Mr. GALLAGHER. Fogarty is the distributor there now?

Mr. KELLY. Yes, he is the distributor there now.

Mr. GALLAGHER. And he wasn't the distributor on April 1, 1947.

Mr. KELLY. Not when Eddie McBride took it over; no, sir.

Mr. GALLAGHER. Continental Press also has been out of the State of Florida since December 22, 1948, isn't that correct?

Mr. KELLY. That is correct.

Mr. GALLAGHER. That territory now is territory of the Howard's Sports Daily, of Baltimore, is that correct?

Mr. KELLY. That is correct.

Mr. GALLAGHER. The Illinois News was in existence on April 1, 1947, wasn't it? Your brother owned it then?

Mr. KELLY. It was in existence since——

Mr. GALLAGHER. Since the end of 1946.

Mr. KELLY. It went in existence December of 1945 or the first of 1946. That hasn't been changed.

Mr. GALLAGHER. That hasn't been changed.

Mr. DEMPSEY. The ownership of that has changed.

Mr. KELLY. The ownership has been changed.

Mr. GALLAGHER. His brother got the ownership at the end of '45 or '46 when he bought out Bourke. So that situation hasn't changed as far as Illinois News, which is the distributor of Continental, it still being the same one.

Mr. GARRETT. Hasn't it changed as far as the function of Illinois Sports News? Didn't Tom Bourke merely run a scratch sheet with incidental telephone information, whereas now it is a distributor?

Mr. GALLAGHER. He had two at that time. He had a scratch sheet and he also had the Illinois News Association which distributed to persons who called in or some drops.

Mr. KELLY. That is right.

Mr. GALLAGHER. It has been cancelled because that subsequently was merged with Midwest and it became Mid-Illinois, in which George Kelly got a third interest in Mid-Illinois for turning over the Illinois Press Association clients to Mid-Illinois. Subsequently to that, Midwest Illinois was split up and became Midwest, and then Illinois News sells to Midwest and General News out of the State, which Illinois News sells to, and George Kelly and his two partners, Frestel and Farrell, who owned the Midwest Illinois between the three of them, were paid \$5,000 apiece, \$200 a week for a 10-year contract, and they sold that out, is that correct?

Mr. KELLY. That is right.

Mr. GALLAGHER. However, for the moment, to keep in line with Mr. Halley's request, the Illinois News itself is still the same distributor. The change-over underneath has been different but at that point it is still Illinois News.

Mr. HALLEY. How about Kansas City?

Mr. GALLAGHER. Kansas City, in April of 1947, Continental had no drop there, and today Continental has no drop and has not had a drop. You see, before 1946 Midwest buys, as I understand, from General News which in turn buys news from Illinois News.

Mr. GARRETT. Up until about 1949, according to their records they paid Midwest.

Mr. GALLAGHER. They would be buying Midwest and Midwest then would be buying from Illinois News, but Continental itself has had no drops at Kansas City since Partnoy cancelled the service in the late summer of 1946, and at that time they had a large territory. They had western Missouri and I guess Nebraska and a number of States Partnoy had at that time. When he ceased, when he cancelled, Continental went out of Kansas City. Subsequently I understand that

first Midwest and General News have been selling there, and I also understand that that just is a one-drop set-up. It is a different picture than they had prior to that.

Mr. HALLEY. Before we go further, do we have the books of Illinois?

Mr. ROBINSON. We don't have possession of the books. We have examined the books.

Mr. HALLEY. They are available to us?

Mr. KELLY. Yes. May I cut in here, Mr. Halley? A while back, I think about a month ago, my brother and son had told me that there were some internal revenue men or some investigators over there after the books. I told them there was only one way to do if anybody came there, to get their identification, and if they are from the Government, just sit down with Mr. Kennedy, who is the bookkeeper, Mr. White, who is the general manager, or Mr. O'Grady, who is the wire chief, and give them anything that they wished. I believe if Mr. Kiley or Mr. Robinson would call over there now, I think he would get whatever information he could give.

Mr. HALLEY. I understand we are getting it.

Mr. KELLY. Is that right, Mr. Robinson?

Mr. ROBINSON. That is right.

Mr. HALLEY. What is the situation on Midwest? Have we got their books?

Mr. GARRETT. No.

Mr. HALLEY. You are still selling wire service to Midwest?

Mr. KELLY. To the best of my knowledge, Mr. Halley, I don't think Midwest was ever a customer of Continental.

Mr. HALLEY. Are they a customer of Illinois?

Mr. KELLEY. Yes, they are a customer of Illinois News.

Mr. HALLEY. From whom does R. & H. buy its service?

Mr. KELLY. R. & H. buys from Illinois News. Illinois News supplies the Midwest news, the R. & H., and the General News Service. Those are the three that they serve.

Mr. HALLEY. We are going to bump right up against a stone wall and I think maybe the earlier we hit it the more time we will have today to solve it. That is, Continental, whether properly or not, has itself isolated by being a company that sells to Illinois.

Mr. KELLY. That is right.

Mr. HALLEY. At that point you say "we don't know what Illinois does." We must get the books and the story on Illinois, Midwest, and R. & H.

Mr. GALLAGHER. Continental would have no control over any of them, but as I understand from Mr. Robinson and from Mr. Kiley, they do have access to the Illinois books.

Mr. HALLEY. We have not been able to get the R. & H. books, have we?

Mr. GARRETT. R. & H. and Midwest.

Mr. GALLAGHER. Continental, to my understanding, would have no control over trying to get their books.

Mr. HALLEY. We are not going to discuss the law. I am not much of a hand at discussing the law with any one. We had discussions about the law on Continental's books and as a practical proposition, the sensible thing was what you did. You brought them in. We

have to get the books and we have got the people who are your respectable, decent customers that you are proud to serve.

Mr. DEMPSEY. We don't have a thing about Illinois.

Mr. HALLEY. We can't even find the offices of R. & H. What kind of business is this wire service business anyhow? Is it a respectable business or isn't it? We can't find the offices of R. & H.

Mr. GALLAGHER. I should think, Rudy, that you could find out from Illinois News where they deliver the news to R. & H. That would certainly be their office, wouldn't it?

Mr. GARRETT. We have an empty office, yes; an office on the books.

Mr. GALLAGHER. Is Illinois News still selling R. & H.? That must be the place where they have the office, wherever they deliver the news.

Mr. GARRETT. It is an empty office.

Mr. GALLAGHER. But the news comes in there to an empty office?

Mr. ROBINSON. You might find somebody there.

Mr. HALLEY. I am going to talk frankly. I don't care if it goes on the record or in the newspapers or anywhere else. We have really just gotten under way on the wire service part of this investigation. We have to get that stuff. If those fellows are going to come in nicely, fine. If not, in the final analysis I am going to insist that the committee hold Continental responsible. They are your babies.

Mr. GALLAGHER. Wait a second. That is ridiculous. They are not Continental's baby. They are not. We have no responsibility over R. & H. or Midwest.

Mr. HALLEY. We are just heading toward a report in which the committee will say that by a series of perhaps legally strictly correct contracts, a set-up has been established whereby Continental provides protection to a lot of hoodlums that you can't find.

Mr. GALLAGHER. We would have to take issue with that statement.

Mr. HALLEY. I think the committee will go with that 100 percent and I think I can prove it factually. If there is any answer to it, let them come in and answer it.

Mr. GALLAGHER. We have given you the answer. We have no control over R. & H. or Midwest at all. What control have we over them?

Mr. HALLEY. You have customers you shouldn't be dealing with. We can't find them. You shouldn't be selling them service.

Mr. DEMPSEY. They are our customers. You can find their books.

Mr. HALLEY. We can find Illinois, which is Mr. Kelly's brother. So we get right back to whether we can find Illinois' customers. Life has gotten past the point where very clever lawyers can take the United States Government and, by a series of corporate walls, push it around. This branch of the United States Government will not be pushed around, and I am talking to Mr. Kelly because you fellows are doing your job and you are doing it right. You are doing a fine job for them. But the time has come, I think, where we just can't sit here. I can see it coming. We are going to pussyfoot around all day, and on every important question it is something that Illinois or Midwest or R. & H. did, and we will have no progress. Do you agree with what I am saying, George?

Mr. ROBINSON. Yes.

Mr. HALLEY. We might as well come out and say it. We are all busy people and have things to do.

Mr. GALLAGHER. We want to get at the meat of this thing and answer your queries in the best way that we can. When it comes to the question of why aren't R. & H. bringing in their books and why can't Mr. Kelly do something about it, my understanding from talking to Mr. Kelly is that there is not a damned thing he can do.

Mr. HALLEY. I didn't ask if he can do something about it. I would never be in the position of saying, "Can you do something about it?"

Mr. GALLAGHER. I misunderstood you then.

Mr. HALLEY. My position is that if Mr. Kelly doesn't do something about it, I will simply feel that the Senate should conclude that Mr. Kelly has created a situation where he can't do something about it. There must be a reason for creating such a situation.

Mr. KELLY. Please don't do that because I have no control over any of those other companies.

Mr. HALLEY. We have had this again and again and again. I suspect that by a phone call you can produce those boys, Mr. Kelly.

Mr. KELLY. Mr. Halley, if you would give me a thousand dollars to do it this minute, I couldn't do it. In fact, I would be worse than you. I wouldn't even know where to go to look for the people.

Mr. HALLEY. Put it on the wire, put it on the wire.

Mr. KELLY. I say this to all you people: I don't know R. & H. Publishing Co. I don't know who they are. If the good Lord would strike me dead this minute, I couldn't tell you who they are.

Mr. HALLEY. Illinois sells to whom; Midwest?

Mr. KELLY. Illinois has got three customers in this section of the country. They have got General News, Midwest, and R. & H. Publishing Co.

Mr. ROBINSON. Isn't it true, Mr. Kelly, that Continental is also a customer of Illinois?

Mr. KELLY. Continental is a customer of Illinois. They buy and sell news from them.

Mr. ROBINSON. There are four instead of three.

Mr. DEMPSEY. They are customers for different—

Mr. HALLEY. Does Continental sell direct to Illinois?

Mr. KELLY. Yes.

Mr. HALLEY. Does it sell direct to Midwest?

Mr. KELLY. No.

Mr. HALLEY. Does it sell direct to General?

Mr. KELLY. No.

Mr. HALLEY. Does it sell direct to R. & H.?

Mr. KELLY. No; it doesn't.

Mr. HALLEY. To whom besides Illinois does Continental sell direct?

Mr. GALLAGHER. In the country?

Mr. HALLEY. No; in the Chicago area.

Mr. KELLY. None whatsoever.

Mr. HALLEY. Only Illinois?

Mr. KELLY. That is right.

Mr. HALLEY. To whom does Illinois sell direct, if you know?

Mr. KELLY. Who does Illinois sell direct to? To those three customers, General News, Midwest, and R. & H. Publishing Co.

Mr. HALLEY. I think the time has come, then, that your brother should come in and sit with you, and we should find out about Illinois customers. Because, don't you see, Mr. Kelly, we have here a situa-

tion which at the very least calls for legislation. A young lad named Eddie owns a corporation——

Mr. GALLAGHER. Owns a business.

Mr. HALLEY. Owns a business which is a very important factor in American life. He doesn't know what the devil it is all about. He says Uncle Tom does it all.

Mr. GALLAGHER. A lot of men own businesses and don't know anything about it.

Mr. HALLEY. Let me say what I think. At this point arguing isn't what is necessary. I am just trying to tell you the way we are thinking and you will see where we are going. So Edward isn't responsible. When you get right down to cases, the probabilities are that Uncle Tom isn't responsible, you are just an employee. Anyhow, you don't do anything but sell some news to Illinois Wire. Who is Illinois Wire? It turns out to be your brother, anyway.

Mr. KELLY. That is right.

Mr. HALLEY. So the whole thing from Ed McBride down to the point of Illinois Wire's customers is just a small little close-knit group that is designed and operates to take the responsibility away from the man who owns the whole works. What you have here is an almost automatic machine, Mr. Kelly, which I should think the Senate might well conclude, standing that way, is a very dangerous thing, especially if it is designed in such a way that we can't go to the man who is responsible for it and get basic information. We have been trying now for 2 months to get the books or the personnel of R. & H. and Midwest. I think we are entitled to have it. I think if we are not, then it becomes quite apparent that the set-up was designed to keep Uncle Sam from finding out who R. & H. and Midwest are. If they are the sort of boys who run to Acapulco when a Senate committee hits town, then maybe they shouldn't be in such an important business as the wire business.

That is the way we are thinking. I think maybe you fellows should do some thinking about it. Maybe we can get together. You come in here and you have it decently and nicely, and you say you are in a business which you have worked hard to make a prosperous and a respectable business. I am trying to show you what you have to do in order for it to stand up on the record as such. Let the chips fall where they may. Your end of it will then be prosperous and respectable and decent.

Mr. KELLY. I would like to tell you this, Mr. Halley, if it is possible. I don't know why I say "if it is possible." The Kelly family couldn't deliver Midwest, R. & H., or any other books that are in this area outside of Illinois.

Mr. HALLEY. Let me ask you this. Do you have a long-term contract with Illinois or is it a month-to-month contract or week-to-week, day-to-day? What is it?

Mr. GALLAGHER. There are no written contracts with anyone.

Mr. HALLEY. Does Illinois have written contracts with its distributors?

Mr. KELLY. Illinois with its distributors? No; it has not. I don't believe so, Mr. Halley.

Mr. HALLEY. We have ample evidence of things going over the wire from your distributors reading something like this: "As of 10 o'clock

tomorrow morning if any further news service is given directly or indirectly to the Miami Beach area, the entire State of Florida will be cut off."

That is one example.

Example No. 2: "As of 10 o'clock tomorrow morning your service will no longer be supplied by Trans-America, but will be supplied by Midwest Publishing Co."

I can't see any reason, as long as you have no contractual relationship with these people, why you can't put on the wire, such as you are furnishing even today to them, that they have a certain responsibility to Uncle Sam and that you are in a position where you shouldn't be dealing with people who don't fulfill their obligations to Uncle Sam. I would like to know what the answer to that is.

Mr. DEMPSEY. May I make a suggestion. Why don't you say what message you would like put on the wire and then I think Illinois would be willing and Mr. Kelly would be willing to put it on the Continental wire.

Mr. HALLEY. No; I will not undertake the responsibility of your job. You are in the wire business. You have a responsibility to the public. I think you are almost a common carrier. If you are not a common carrier you are very close to it. I think it is your problem to figure out how to handle it. It is the only way I know that it can be handled to the satisfaction of our committee and with the ultimate result of this committee's concluding that the wire-distribution business is a respectable business. No business can be respectable where the people who are in it can't be found when you come and say, "We would like to see who you are and look at your books."

Mr. ROBINSON. I would like to add something to that, too. You have come in here, as Mr. Halley said, to make an effort to be helpful to the committee. As I have told both your counsel, Illinois I presume professes to be a respectable business, but we have endeavored for 5 weeks to locate your brother and your son in order to ask them questions and have been unsuccessful in doing so. They are both partners in the Illinois News.

Mr. KELLY. That is right, sir. But you have got cooperation and you have got the books——

Mr. ROBINSON. I wouldn't say we have the cooperation that I think we are entitled to.

Mr. KELLY. Cooperation meaning, not getting technical or anything——

Mr. GALLAGHER. Tom, can't you arrange——Mr. Kelly, I might say, has been with us 10 days or 2 weeks in Washington about this situation. There is so much about it. Can't you try to arrange to contact your brother or your son and somehow make some arrangement for Mr. Callahan or whoever it is, the attorney, make some arrangement with Mr. Robinson so they can talk to them?

Mr. KELLY. I don't know what their situation is. I know both of them are on vacation. I believe that after I get through here, I can go out and have time enough to dig them up or bring them in or do the best I can to get them in here to have you talk to them. If Mr. Halley is not in town, you, Mr. Robinson. I am almost positive that it can be done. I am positive that if there is anything that you gentlemen want——

Mr. GALLAGHER. I will have to concur in Mr. Halley's feeling to one extent there in what he has expressed, that, Tom, certainly as far as your brother and your son, you ought to be able to say to them, "You have to get the hell in here and sit down and talk to Robinson."

After all——

Mr. KELLY. I am glad you appreciate what you can do with your relations. I can tell my wife, "For God's sake, do something," and she will think about it first before she does it.

Mr. GALLAGHER. You will do your utmost to get in touch with them when you leave here and try to arrange for them to come in and see Mr. Robinson, won't you?

Mr. KELLY. That will be done if it possibly can be done. I will guarantee that. I will guarantee that, that I will do all in my power to get both of them in here, if possible, wherever they are at. If I have to get on a train or a plane and take Mr. Robinson with me, I will do that. If there is anything fairer than that for this committee, then I am wasting my time here by trying to cooperate and doing everything I possibly can for you. As far as my going out and getting people's books, I couldn't get them in a million years. I don't know where they are at. I don't know the people. I don't know whether they have an office. I don't know anything about them.

Mr. WHITE. Who is Eddie McGoldrick?

Mr. KELLY. He is General News Bureau.

Mr. HALLEY. Who are some of the personnel in these various distributors? My guess would be that you know all these fellows personally.

Mr. GALLAGHER. Distributors? Mr. Kelly would know all the distributors, wouldn't you. Tom, Continental's distributors?

Mr. KELLY. Certainly I know every one of them.

Mr. HALLEY. You know everybody in Illinois, naturally. Do you know who these people are in Midwest?

Mr. KELLY. Yes; I do. I know that there is Sylvester Farrell and James Frestel. I know there is Larry Barrett. I know there is another partner I believe by the name of—he is an ex-policeman I believe. His name is Fogarty. Before that, Mr. Halley, my brother was in there.

Mr. HALLEY. What is the set-up on R. & H.? Who is in there?

Mr. KELLY. If you took me up there and hung me up there for 17 weeks, I couldn't tell you who they are. I don't know none of them. I never met any of them.

(Discussion off the record.)

Mr. HALLEY. Let's go back on the record. I think we understand each other. We are not going to solve this thing but it is something we have to think about and fast.

(Discussion off the record.)

Mr. HALLEY. Have you heard, directly or indirectly, how R. & H. arranged to get its service from Illinois?

Mr. KELLY. No, I haven't; not R. & H.

Mr. HALLEY. What outfit is that you have in mind?

Mr. KELLY. The Condensed or Condensus Sport News. It is Condensed Sport News, I believe it is.

Mr. HALLEY. That is a publication?

Mr. KELLY. That is a publication.

Mr. HALLEY. And this publication comes into Illinois to get service.

Mr. KELLY. Illinois has a wire into their office.

Mr. HALLEY. How is the arrangement made?

Mr. KELLY. The arrangements were made by a fellow coming into the Illinois Sport News and asking for news for his publication, which was the condensed consensus—I don't know the name of it. In return I learned that the amount of money to be paid was to \$700 or \$800.

Mr. HALLEY. Who was the fellow who come in and who did he talk to?

Mr. KELLY. I learned later it was Phil Katz, who I don't know.

Mr. HALLEY. You believe he is related to Levin or——

Mr. KELLY. I read in the newspapers that he was related to Levin, Hymie Levin; is that it?

Mr. HALLEY. Who did he talk to in Illinois?

Mr. KELLY. I believe he talked to my brother, George—George L. Kelly.

Mr. HALLEY. When was this?

Mr. KELLY. This was quite a while ago. This must be—you would have the dates, Mr. Halley.

Mr. GARRETT. What was the date?

Mr. HALLEY. When Katz came in to buy the service from George Kelly.

Mr. GARRETT. He has been getting service from Illinois ever since 1947.

Mr. GALLAGHER. What time in 1947?

Mr. GARRETT. Illinois apparently started a new set of books and various changes took place in 1947. As of that time.

Mr. GALLAGHER. Don't their books reflect when payment first started and was being made to Illinois News?

Mr. ROBINSON. Would you say it was around October 1947?

Mr. KELLY. The date I wouldn't be familiar with, if you told me, because I don't recall just when it was, to tell you the God's honest truth. It was some time back.

Mr. HALLEY. Here is the sort of thing that it revolves around, and I think this ties right into what we are talking about, that we have to get some understanding of. The Harmony Service down in Kansas City consisted of Gargotta, Lacoco, and a couple of other people, Klein and Spitz, and they had of course induced Simon Partnoy to——

Mr. WHITE. Abdicate.

Mr. HALLEY. To give up the Continental service and to take service from Trans-American. They then quite seriously interfered with Continental's business throughout the Kansas City area, I would say Kansas area, and operated for some time on wire services that they were getting from Trans-American. Then one fine day over this same wire comes just a notice saying that "Tomorrow morning your service will be provided by Midwest Publishing Co."

Of course the question is that there must have been something happening in Chicago that resulted in that notice coming back to Kansas City.

Then the next thing that we know happened is that Eddie Spitz—do you know Eddie Spitz in Kansas City?

Mr. KELLY. No.

Mr. HALLEY. Eddie Spitz came up here to Chicago and negotiated himself a contract direct with Midwest. He was able in fact to negotiate a better deal than Partnoy had originally from Continental.

A lot of things happen, and we have to find out what happened, Mr. Kelly, because what we think happened may be even worse than what did happen. I assure you that what we will properly infer from the evidence we have so far can't possibly be any worse than the facts we will get in testimony.

Mr. GALLAGHER. I had never heard of any such message as you say going over Trans-American wire.

Mr. HALLEY. That is the sworn testimony, and the Kansas City testimony is now open. I suggest you get a copy and read it.

Mr. KELLY. Trans-American says to go to Midwest for news?

Mr. HALLEY. They just say, "Starting tomorrow morning the news that will be coming over the same wire you are now getting it on will be provided by Midwest."

Mr. KELLY. I doubt that, Mr. Halley, very much.

Mr. GARRETT. That is not the way I remember it.

Mr. HALLEY. How did it go? I may have some of the details wrong.

Mr. GARRETT. There are two changes. First, when Simon Partnoy arranged to sell out, the new partners decided to go with Trans-American. Partnoy told Continental by sending a message to them that he didn't want their service any more. He told them to discontinue.

Mr. HALLEY. You are speaking of a prior period. I am at the latter period when he went back to Continental.

Mr. GARRETT. In the latter part, Midwest sent a message to Continental saying "starting tomorrow or next week you will remit to Standard News Service instead of Midwest," which took place some time in 1949.

Mr. WHITE. The essence of the whole thing is this: That Partnoy was a Continental distributor. Trans-American, without even setting up shop or physically having a wire open, literally took over the same mechanical facilities that Partnoy had, and all that Partnoy knew was that he notified Continental he was discontinuing service, didn't want it any more, and over the same wire the same news came in with no interruption except that it was called Trans-American. That went on for a couple of months, and suddenly peace was made in Chicago or somewhere and Trans-American ceased to exist and suddenly it became Midwest. He talked on the phone and did business with the same people he always did business with.

Mr. GALLAGHER. Did Trans-American get Continental leased wire into Kansas City when Partnoy left?

Mr. KELLY. They never had a wire in Kansas City since then. They used the Continental wire.

Mr. WHITE. They were getting it.

Mr. HALLEY. We have a specific record on what happened there. We are all a little fuzzy at this point on the details because our minds are on Chicago. We will all read that and find out.

The question before the house is what happened with relation to the Kansas City service when Trans-American went out of business. Do you know, Mr. Kelly?

Mr. KELLY. After Trans-American went out of business in Kansas City?

Mr. HALLEY. They went out of business all over, didn't they?

Mr. GALLAGHER. You mean after Trans-American folded?

Mr. HALLEY. Let's take it back. Let's try it this way and let me ask a few questions.

For a period of some months before Mr. Ragen was shot, he was quite worried about competition from another wire service.

Mr. KELLY. That is right.

Mr. HALLEY. Will you tell us about that situation?

Mr. KELLY. It seems like there was another service that was started up by the name of Trans-American.

Mr. HALLEY. Prior to that had the R. & H. people had some dispute with Mr. Ragen?

Mr. KELLY. Mr. Halley, the R. & H., I knew nothing and never even heard their name up until about 6 or 8 months ago.

Mr. HALLEY. Had Hymie Levin been having a rather lengthy and bitter dispute with Mr. Ragen?

Mr. KELLY. I think, if you will go back, you will find Hymie Levin was indicted in 1940 in the news business. He was selling news around Chicago here. He was in the news business around 1940, 1941, and through there.

Mr. GALLAGHER. Where was he getting his news then, Mr. Kelly?

Mr. KELLY. Hymie Levin was getting his news wherever he could at that time.

Mr. GALLAGHER. He was not getting it from Continental?

Mr. KELLY. Hymie Levin never got the news from Continental.

Mr. HALLEY. Where was Illinois Sports News getting its service at that time?

Mr. KELLY. I don't think they were in business at that time. They may have been. I am answering something I don't know.

Mr. HALLEY. There was a thing called the Blue Sheet, wasn't there?

Mr. KELLY. He had a Blue Scratch Sheet. I believe they got their news from Trans-Radio.

Mr. HALLEY. They got it from Trans-Radio.

Mr. KELLY. I am not sure.

Mr. DEMPSEY. Trans-Radio or Trans-American.

Mr. KELLY. Trans-Radio Press.

Mr. HALLEY. Where was Trans-Radio getting it?

Mr. KELLY. Trans-Radio Press I think at that time were gathering some of their own news and they bought some from us.

Mr. HALLEY. Then Mr. Ragen decided to start the Green Scratch Sheet.

Mr. KELLY. Mr. Ragen had Mr. Toulis contact Tom Bourke, and everybody who was around Chicago that Mr. Ragen had anything to do with was helping Mr. Bourke distribute that scratch sheet or do something to help that scratch sheet succeed.

Mr. HALLEY. The Green Scratch Sheet?

Mr. KELLY. The Illinois Sports News.

Mr. DEMPSEY. That is the Green Scratch Sheet?

Mr. KELLY. That is it; yes, sir; that is the Green Scratch Sheet.

Mr. HALLEY. Of course Illinois Sports News with the Green Scratch Sheet was also selling wire service to the books, weren't they?

Mr. GALLAGHER. Illinois News Association, Tom?

Mr. KELLY. I am not too sure about how much. I would say "Yes" and be pretty close to it. You are asking me something that was under Ragen, that I am not too familiar with, because, Mr. Halley, Mr. Ragen was a fellow who would get four fellows in a room here and if you were his son, he would tell you to step outside. He was that close. That is the kind of fellow he was.

Mr. HALLEY. You were a pretty smart fellow, though, and you knew what was going on. Let's see what you know, and what you don't know, just say you don't know.

In any event, Illinois at that point was fighting Hymie Levin for customers on the wire service and the Green Scratch Sheet was fighting the Blue Scratch Sheet on the newsstands; isn't that right?

Mr. GALLAGHER. As I understand it, wasn't the Blue Scratch Sheet down under a court order?

Mr. KELLY. That is right. You are right. Maybe I can clear that up for you. The Blue Sheet was out of business when the Green Scratch Sheet was actually born. It wasn't out of business but it was going out of business through the court order or they were having trouble.

Mr. HALLEY. Farrell was suing them; is that right?

Mr. KELLY. That is right, sir.

Mr. HALLEY. Farrell is a good friend of yours, isn't he?

Mr. KELLY. I know Farrell working on the newspapers together.

Mr. HALLEY. And he is now one of your distributors?

Mr. KELLY. Not Continental; no, sir. He is a distributor of the Illinois Sports News.

Mr. HALLEY. Farrell sued on the theory that Jack Guzik was an undisclosed partner of the Blue Scratch Sheet; isn't that right?

Mr. KELLY. I don't know how the suit was filed, Mr. Halley.

Mr. HALLEY. Wasn't that the issue?

Mr. GALLAGHER. The issue was, I think, that Serritella had some undisclosed partner.

Mr. HALLEY. Namely, Jack Guzik.

Mr. GALLAGHER. I don't know.

Mr. HALLEY. And other people who were hoodlums.

Mr. GALLAGHER. It is generally correct; isn't it, Tom; it was the belief that Serritella had some undisclosed partners?

Mr. KELLY. I don't remember how the thing was drawn up, but it was more on the order of what you said, that Farrell wanted to find out who his partners were. I think that is what he wanted to find out. I think that is what the suit was filed for.

Mr. GARRETT. The suit was to dissolve the partnership, I believe.

Mr. DEMPSEY. The records are available.

Mr. KELLY. The records are available, Mr. Halley. If you don't have it I can probably get it for you.

Mr. HALLEY. There was a lot of bitterness in this competitive struggle at that point, wasn't there?

Mr. KELLY. Yes, sir; there was, between Mr. Ragen and whoever he was fighting at that time.

Mr. HALLEY. He was fighting, first, Hymie Levin; was he not?

Mr. KELLY. It seems that Mr. Ragen was having trouble with Hymie Levin for quite a while with the news in Chicago.

Mr. HALLEY. Ragen was objecting because he said that Hymie Levin had the old Capone mob with him and the FBI would not stand for it. Isn't that right?

Mr. KELLY. That is the way the papers stated it, but I don't know. Mr. Ragen never came out frankly and told any of us who he was actually——

Mr. HALLEY. Don't the FBI files show that?

Mr. KELLY. Getting back to that, Mr. Halley, is this: That Mr. Ragen would take the FBI in the room with him and they would be in there for maybe 2 hours, and then they would go out. Mr. Ragen part time would go with them. That was the last 6 months of Mr. Ragen's life.

Mr. HALLEY. The whole thing was that he claimed Hymie Levin had the mob with him in his wire service.

Mr. KELLY. He never told me that, Mr. Halley.

Mr. HALLEY. As part of that thing, the suit was filed to show that the mob was even in the Blue Scratch Sheet.

Mr. KELLY. That is the way the suit was filed.

Mr. HALLEY. So there were two parallel fights, one on the wire service and one on the scratch sheets.

Mr. GALLAGHER. You see Kelly's difficulty, I think, Rudy, is not reluctance to testify, as I am sure you realize. The thing is, Ragen himself wasn't telling this. He read this; he heard this.

Mr. HALLEY. We are getting there. I am not dissatisfied with Mr. Kelly's statement.

Mr. GALLAGHER. Ragen was a close-mouthed guy and at other times he was a loud-mouthed guy.

Mr. HALLEY. I think as soon as Mr. Kelly realizes what we are interested in, his mental processes as well as what we could prove in a courtroom, we will have no problem. In other words, what we are interested in and what we are entitled to know is what is going on in your head as well as what you could say you saw somebody do.

Mr. KELLY. I have been turning my head over for the last month, probably, trying to remember outstanding things that happened that I could come in to the committee and testify to. No lies, to tell the God's honest truth, to go home and sleep with my kids and feel happy, that I wouldn't be called back to the committee the following day and told, "Now, Mr. Kelly, you made this statement. Is that true or not?"

Mr. HALLEY. You have another problem, frankly. It is the problem that you also want to stay alive.

Mr. KELLY. That I want to do very much. I don't see any reason why I should stop living.

Mr. HALLEY. It is not a thing you can half eat. It is like jumping into the lake. You can't jump halfway in. Some way there has to be found a way that you can help us help you, really. I think we do better when we talk about——

(Discussion off the record.)

Mr. HALLEY. On the record.

What can you tell us of the events leading to the Ragen murder? I believe when we were last talking you discussed the competition between the Blue and the Green sheets and the competition between

the wire services, the Illinois and the R. & H., is that right, or is it the Midwest and the R. & H. at that time?

Mr. KELLY. The competition was between Hymie Levin's service and the Midwest at that time, I believe, and the Illinois Sport News.

Mr. HALLEY. Who was going out actively soliciting business for Midwest and Illinois Sport News for Ragen?

Mr. KELLY. Everybody who was employed there. Whenever you get a list of the employees, you have them. Everybody around there, Frestel and Farrell.

Mr. GALLAGHER. Kelly?

Mr. KELLY. George Kelly worked for the Illinois Sport News. It could have been George working for the Illinois Sport News at that time. He could have been soliciting.

Mr. GALLAGHER. Would it be anybody working with Illinois Sport News or Midwest?

Mr. KELLY. That is correct.

Mr. HALLEY. Were your people having trouble with meeting any violence as they were going around trying to solicit these books?

Mr. KELLY. No, they weren't. In fact the only time anybody went out was when they lost a customer, and then they would go out and try to get the customer back. They didn't move very many customers in Chicago.

Mr. HALLEY. Where was Hymie Levin getting his news? Did you ever find out?

Mr. KELLY. It seems that around December or November Hymie Levin was buying his news from Midwest.

Mr. HALLEY. December or November of 1946?

Mr. KELLY. 1945, I believe. That would be right. Ragen had ordered Farrell—wait a minute. Ragen was putting pressure on Farrell for more money for Continental Press, not pressure, but telling him he would have to get more money into Continental Press. Mr. Halley, I don't know whether Midwest—no, wait a minute. I am right. Farrell had a scratch sheet called the Daily Sport News. He always was a customer of the Continental Press service. Ragen was telling Farrell that he should get more money for his service so he could in turn pay more money for his service to Continental Press. In return, Farrell tried to get more money from his customers. I believe one of his customers at that time was Hymie Levin. Farrell was complaining that Hymie Levin had been in the news business around there for a number of years, and had most of the stops in Chicago or the majority of the stops. Farrell was trying to take some of Hymie's customers and Hymie was trying to take some of Farrell's customers. I believe Farrell had told Ragen or Ragen had told Farrell—I am not sure which it was—that if Hymie didn't stop trying to take Farrell's customers that Farrell better have an understanding and cut him off, and which later was done. That was around 1945 or the early part of 1946.

Mr. HALLEY. Who exactly cut off whom?

Mr. KELLY. I believe the Midwest cut off Hymie Levin.

Mr. HALLEY. Under what name was Hymie Levin operating?

Mr. KELLY. That I don't know. I think it was just plain service to Hymie Levin. I think that is the way the service went at that time.

Mr. Robinson, do you know whether the R. & H. was in business at that time, in 1945?

Mr. ROBINSON. I think so.

Mr. KELLY. It might have been R. & H.

Mr. HALLEY. In any event Hymie Levin did use that trade name, R. & H., didn't he? You probably know that, Mr. Gallagher.

Mr. GALLAGHER. I honestly can't answer that, Rudy. I don't know whether he used that as a trade name or not. Isn't it the common belief that R. & H. stands for "Ray and Hymie"?

Mr. KELLY. That is what the newspapers say.

Mr. ROBINSON. Ray Jones.

Mr. KELLY. No; I don't know him.

Mr. ROBINSON. Ray Jones and Hymie Levin, R. & H.

Mr. KELLY. I don't know how it is connected.

Mr. ROBINSON. It must have been in that name at that time because that is the way Ragen referred to them.

Mr. GALLAGHER. At the beginning of 1946 Hymie Levin was getting service from Midwest. Whether under that name or Hymie Levin you don't recollect, but he was getting service from Midwest, is that right?

Mr. KELLY. That is correct.

Mr. GARRETT. I wonder if I might interject one question. Did you ever hear of Hymie Levin saying he was going to cut his payments from \$500 a week down to \$75 a week before this trouble?

Mr. KELLY. There were so many rumors around at that time. Nobody has ever told me that. Is that the answer? Mr. Halley and the rest of you gentlemen, I want to tell you, there were so many damned rumors around at that time about what was going on, you would have to have a mind as big as this room to try to remember them all and tell you the story, because Mr. Ragen was very, very close-mouthed, very, very close-mouthed. He would tell you only what he wanted you to know.

Mr. HALLEY. Then after the wire service was cut off, Hyman Levin began first, according to you people, stealing it by wire tapping, didn't he?

Mr. KELLY. They got service some place, wherever they got it.

Mr. HALLEY. Didn't you call in the FBI and claim that they were tapping your wires?

Mr. KELLY. The FBI was around there. I believe Mr. Ragen done that. I don't know for sure, but they were around there.

Mr. GALLAGHER. Do you recollect whether or not Ragen was complaining that they were violating the FCC Act?

Mr. KELLY. That is right. There was some story around that Ragen was going to send somebody to the penitentiary for stealing news that was going over interstate wires. That is what he was talking about.

Mr. HALLEY. Then after a while they developed some way of collecting their own news, too, I presume.

Mr. KELLY. That was later on after they started taking personnel and operators and other people working for Continental Press.

Mr. HALLEY. First Hymie Levin—

Mr. KELLY. Wait a minute. Let me get this straight. I think we are going too fast. So you will understand, Hymie Levin never done

this. You are talking about taking Continental's personnel. That was Trans-American.

Mr. HALLEY. That is just what I am trying to do, to get the transition from Hymie Levin to Trans-American. It all started when Ragen cut the wire service off from Levin or ordered it cut off.

Mr. KELLY. That is right.

Mr. HALLEY. I take it Ragen ordered Midwest to cut off Levin.

Mr. KELLY. That is right.

Mr. GALLAGHER. Probably advised him.

Mr. HALLEY. Well, advised him.

Mr. KELLY. So you can understand the situation between Ragen and Farrell, Farrell's wife was raised by, I believe, Tom Bourke's mother. That is the fellow who went in the Green Scratch business originally. Ted Bourke, Tom Bourke's brother, had got Sylvester Farrell the job with Mr. Ragen. So Mr. Ragen and the Farrells and the Bourkes are all very, very friendly. In fact, the friendship was so close you would think they were all related to one another.

Mr. GARRETT. Didn't the payments from a subdistributor like Midwest vary from week to week according to how much money Continental wanted to take out of Midwest?

Mr. KELLY. No, that is not so. No, that is not so. Wait a minute, excuse me. You are asking me something that I couldn't answer because Ragen was the boss at that time and I couldn't honestly say.

Mr. GARRETT. Subsequent to that time, sir, during 1949, didn't certain of these subdistributors pay you an amount that varied from week to week, depending on how their business was going?

Mr. GALLAGHER. Distributor, you mean?

Mr. GARRETT. Distributors, subscribers directly from Continental.

Mr. GALLAGHER. Do some of the distributors who buy from Continental send in a varied amount?

Mr. KELLY. It has varied at times from week to week. They try to standardize it over a time, but it would fall up and down in some of them. In some of them there would be no rise or fall.

Mr. GALLAGHER. I think I might state this on the record to carry through with Mr. Halley's rationale, that Levin was cut off by Midwest and at about that time or shortly thereafter a new agency came into existence called Trans-American, is that correct?

Mr. HALLEY. Even you are jumping a little too fast. Let's slow it down now and get the second hand working as well as the minute hand.

Mr. KELLY. I believe you are right on part of it, Mr. Gallagher, but some of it you are not. Trans-American actually didn't get going full blast until they started to take the customers from Continental. Hymie Levin never did go out of business after Ragen cut him off.

Mr. HALLEY. That is right. He got wire service somewhere.

Mr. KELLY. That is right.

Mr. HALLEY. Ragen thought he was tapping a wire to get it.

Mr. KELLY. Ragen, I believe, made a statement either to the newspapers or to the FBI or somebody at that time that that is what was happening.

Mr. HALLEY. Then war is on between Ragen and Levin and whoever is behind Levin. Levin's first objective was simply to get his own wire service, isn't that right, to stay alive?

Mr. KELLY. That is true; yes, sir. You are right in that. That is right.

Mr. HALLEY. Then as long as he is fighting Ragen he figures he might as well do a good job, he goes to trying to take your customers away too.

Mr. KELLY. I think it went further than that, Mr. Halley. I think Mr. Robinson can check on this to verify what I am talking about. It may be possible and you may clear that up. Ragen stopped Levin from getting facilities that he needed to carry on his business, either in the telephone company or in Western Union. When I say stopped him, I used to call those people and send FBI agents over and everybody else to discourage these people from giving them service.

Mr. DEMPSEY. You mean the telephone and telegraph company?

Mr. KELLY. Their facilities; that is right.

Mr. HALLEY. But at the same time they were getting service and they were not only supplying their own bookies, but they were going out trying to get new customers.

Mr. KELLY. That is right, sir.

Mr. GALLAGHER. And paying nobody for the service; is that correct?

Mr. KELLY. That is right.

Mr. HALLEY. But nobody, you mean they just weren't paying any Continental people?

Mr. GALLAGHER. Any Continental.

Mr. KELLY. Continental or its distributors.

Mr. HALLEY. That is right. Some place along there out of that little operation of R. & H. Trans-American blossomed forth. Just what happened? How did that occur?

Mr. KELLY. Trans-American was set up somewhere along the line, and the first time that Trans-American hurt Continental was when Simon Partnoy sent the letter in that he was discontinuing the service. That is the first time Trans-American hurt Continental.

Mr. HALLEY. How did you know that was Trans-American and not R. & H.?

Mr. KELLY. I believe that the wire chief, Walter Lloyd, came in and told us that Trans-American had got Morse wires throughout the country wherever they wanted them.

Mr. HALLEY. Is that the same wire chief you still have?

Mr. KELLY. This is the other one, Walter Lloyd.

Mr. HALLEY. Is he around?

Mr. GALLAGHER. Lloyd died this summer.

Mr. KELLY. This fellow we have now is the same fellow who was the assistant to Walter Lloyd, you understand. Hawkins is his name. After Mr. Robinson meets him, he will agree he is capable.

Mr. DEMPSEY. How long has he been with you?

Mr. KELLY. Ever since it was started.

Mr. HALLEY. Prior to the cut-off of the wire service to Hymie Levin, what was Pat Burns doing? What was his business? Who was he?

Mr. KELLY. Pat Burns worked for Mr. Ragen on the Examiner from 1922, I believe he went to work, until Mr. Ragen left over there in 1927. He went to work for Mr. Ragen on the General News Bureau, the Nationwide News Bureau, and worked for him, I believe, on Continental Press.

Mr. HALLEY. Until when?

Mr. KELLY. Until around the time that Trans-American was getting started.

Mr. HALLEY. What was Burns' job on Continental?

Mr. KELLY. He was gathering the news at race tracks.

Mr. HALLEY. You mean he organized it or he actually picked it up?

Mr. KELLY. No. He had a track crew of about five reporters to go out and get the news and phone it in to the office, the closest Continental Press office.

Mr. HALLEY. He was doing that even up to the moment that the wire service was cut off on Hymie Levin, or approximately.

Mr. KELLY. He was probably on the payroll after Levin was cut off.

Mr. HALLEY. What was his salary at that time?

Mr. KELLY. Well, Mr. Halley, you probably can check the records of the Chicago Herald and Examiner, and you will find he was a high-priced man then. He always got better than \$200 to \$250 a week. Around that.

Mr. HALLEY. About what he was getting in 1946, some place in the neighborhood of \$200 or \$300 a week?

Mr. KELLY. I would say he wouldn't work for less.

Mr. HALLEY. Were you getting about the same amount at that time?

Mr. KELLY. No; I was getting about \$400.

Mr. HALLEY. What were you doing at that point? What were you doing at that point? What was your function?

Mr. KELLY. To tell you the God's honest truth, I did everything that was possible. Anything Mr. Ragen told me to do, I done.

Mr. HALLEY. I am going to ask you an embarrassing question.

Mr. KELLY. It is all right with me.

Mr. HALLEY. It is a serious one. Did anybody try to take you away from Continental?

Mr. KELLY. No, sir; nobody ever had.

Mr. HALLEY. Nobody ever approached you?

Mr. KELLY. No, sir.

Mr. HALLEY. Why do you think they picked Burns?

Mr. KELLY. If I was going into a news business—I tell you one thing. I had better continue with my story. If I was going in the news business tomorrow in competition with McBride, the first man I would pick would be the wire chief. That would be first man. I wouldn't pick any individual like Pat Burns, but the wire chief is the fellow who knows the communications. He knows where the wires go, then I would build from there.

Mr. HALLEY. Maybe they were more concerned with getting the fellow who knew how to get the information.

Mr. GALLAGHER. Isn't he one of the best in the business in getting the news?

Mr. KELLY. Pat Burns is one of the best men in the business taking news out of a race track.

Mr. HALLEY. Is he back working for Continental?

Mr. KELLY. No, sir; he hasn't worked for Continental since 1945.

Mr. HALLEY. You never took him back?

Mr. KELLY. No, sir.

Mr. DEMPSEY. He works for Illinois.

Mr. KELLY. He is on the Illinois News payroll; yes, sir.

Mr. GALLAGHER. Getting the news out of the tracks?

Mr. KELLY. Getting news out of tracks; yes.

Mr. HALLEY. When did he come back to work for Illinois?

Mr. KELLY. I think he went to work—come back? He never was off Illinois News payroll. You say when did he come back?

Mr. HALLEY. When did he come on Illinois payroll.

Mr. KELLY. He came on Illinois payroll I believe maybe a month or 2 months—maybe within a month or 2 months I believe after Trans-American disbanded and gave up.

Mr. DEMPSEY. Do you have the date on it, George?

Mr. ROBINSON. He was on probation, wasn't he?

Mr. KELLY. Wait a minute. I am wrong on that, Mr. Halley. Excuse me. I believe he was in the workhouse or something, wasn't he?

Mr. ROBINSON. That is right.

Mr. KELLY. He was in the workhouse or something at that time. He didn't come on to Illinois News until—how much time did he do, do you know?

Mr. ROBINSON. I think he got a year and I don't think he served the whole term. After he came out of the workhouse do you recall whether or not he then went to Illinois News?

Mr. KELLY. That I couldn't say for sure because I don't know the date he went—

Mr. ROBINSON. Would it be around June of 1947?

Mr. KELLY. June of 1947?

Mr. ROBINSON. Yes.

Mr. HALLEY. Well, the record will show it one way or the other.

Mr. KELLY. I don't know that.

Mr. HALLEY. Was there any discussion about that time about taking back the traitors?

Mr. KELLY. There was quite a bit of discussion about that at the time between myself and Mr. Arthur Thorne Arthur, the lawyer. He did not want back anybody who had left Continental Press. Before Mr. Ragen died he had organized or had got some young war vets to be broke in as trackmen, to take the place of Burns and other people who left. When Trans-American gave up and went out of business—if you get the day that they went out of business, you will find a picture of Ralph O'Hara, I believe, on the front page with his books, and he said some damned things about having no money or being out of money for some darned thing like that. I believe that is what the newspaper article read at that time.

Getting back to talking about hiring the people who had left Continental Press, Arthur did not want him back. He argued with me about wanting him back. I asked the wire chief, Mr. Lloyd at that time, if he wanted them back. Mr. Lloyd told me that he wouldn't take nobody back that he didn't actually need, that some of the people that he hired couldn't make the grade because a Morse wire has to take a certain type of man, and the men who left Continental Press were the type that he needed. The Continental Press got a very tough break when Mr. Lloyd died, because if he was here to tell you the story, you gentlemen would have no trouble in understanding what I am trying to tell you.

Mr. HALLEY. So what happened? Finally you agreed; you prevailed over Arthur and took back Pat Burns, is that right?

Mr. KELLY. No, sir; that is wrong. Some of the operators were taken back. First, Mr. Lloyd had each one of these fellows who asked for jobs write in to him at the office. He kept these letters on file in the office of everybody who wrote in that wanted a job. Some of these fellows he took back and other he rejected and wouldn't have them.

Mr. GALLAGHER. Were those letters kept in a Continental file in Cleveland or do you have them here?

Mr. KELLY. Walter Lloyd kept them himself here.

Mr. HALLEY. Will you try to find those?

Mr. KELLY. I am going to try to find the letters if I can. If I can find the letters or get hold of Mrs. Lloyd and ask her if she has these letters, I would like to present them to Mr. Halley.

Mr. HALLEY. Anyway, the reason was that these fellows were needed.

Mr. KELLY. The fellows who left Continental Press had probably been with Continental Press since they were born.

Mr. HALLEY. Who did Lloyd work for?

Mr. KELLY. Continental.

Mr. HALLEY. And Arthur was Continental's lawyer?

Mr. KELLY. Ragen's lawyer and Continental's lawyer.

Mr. HALLEY. Was he Illinois' lawyer?

Mr. KELLY. No.

Mr. HALLEY. But all you fellows sat down and had a conference about who Illinois should hire?

Mr. KELLY. No.

Mr. HALLEY. Illinois hired Pat Burns.

Mr. KELLY. No; they didn't come into this picture at that time.

Mr. HALLEY. Did Illinois finally hire him and not Continental?

Mr. KELLY. Wait until I get to the story. You are a little ahead of yourself, Mr. Halley.

Mr. HALLEY. O. K.

Mr. KELLY. So finally the operators that left Continental were put back to work.

Mr. ROBINSON. Can we get the names of those, if he remembers them?

Mr. KELLY. The operators that were put back to work?

Mr. HALLEY. Do you have the names of the operators?

Mr. KELLY. I would have to check and find out who left and who was back.

Mr. HALLEY. Will you supply that information?

Mr. KELLY. I can find out from Hawkins who they are. In fact, if you will make a note of it, Mr. Robinson, I believe you and I can straighten that out together.

The operators who left Continental were put back to work. Arthur said to me, he said, "I don't think that the Ragens will feel very kindly if Pat Burns were back on Continental or any other organization that Continental sold news to." In return, Pat Burns was around looking for a job. I am getting to where I don't actually know the dates here for the simple reason that Pat Burns, after Trans-American was either out of business or during the time Trans-American was in business, was in the workhouse.

Mr. ROBINSON. Let's see if I can clarify it or refresh your recollection on that. Ragen was pretty annoyed that Burns left.

Mr. KELLY. Oh, yes; very much so.

Mr. ROBINSON. Didn't Ragen dig up a previous episode that involved Burns' running away from a guard somewhere?

Mr. KELLY. Yes. Mr. Ragen probably spent 10 days digging up witnesses and people who could identify Pat Burns as a fellow who 20 or 30 years ago had left a courtroom—help me out, Mr. Robinson, if you can, please.

Mr. ROBINSON. That is right.

Mr. KELLY. A courtroom that he had left. I guess he ran away or something out of the courtroom after he had probation or was convicted or something. In return, Ragen had Pat Burns reindicted or picked up or some damned thing. I don't know how he worked it. He worked a miracle there. Whatever the hell he did there I don't know. It was a matter of 30 years ago.

Mr. ROBINSON. But he went to the workhouse for 9 months or a year.

Mr. KELLY. Oh, yes. He went into the workhouse for about 9 months or a year because Ragen was the one that dug it up.

Mr. ROBINSON. That is right.

Mr. KELLY. Pat Burns worked for Ragen from 1922 until 1946, in around there, and he was wanted all this time. He was wanted all this time.

Mr. ROBINSON. That is right.

Mr. KELLY. After Burns quit Ragen. Ragen went over and had him picked up and dug this old case up.

Mr. GALLAGHER. Let's get down to what Mr. Halley asked. You say that Mr. Arthur, Thorne Arthur, thought that the Ragens wouldn't feel too kindly about it if Burns went back to work for Continental. How is it that Pat Burns got to work with Illinois News, do you know?

Mr. KELLY. Yes. Pat Burns got the news, the Illinois News, out at the Chicago tracks.

Mr. GALLAGHER. Was Illinois gathering the news for Continental out of the Illinois tracks or was Continental gathering it?

Mr. KELLY. During the Trans-American fight, Continental gathered its own news out of Chicago.

Mr. GALLAGHER. What happened after the fight?

Mr. KELLY. After the fight Ragen I believe—Illinois Sports News sold the news—this can be checked to make sure of the dates, Mr. Halley—the Illinois Sports News got the news out of the Illinois tracks for the Continental under Illinois Sport News, Tom Bourke, owner. The reason I say that is that Ragen went out to Hawthorne or one of those race tracks out there in the fall of the year and made sure that the Illinois News got the news. He was not in the race track, but he was out around there hollering and different things about the other people, shutting them off. He was out there looking for where the other people were getting their news. In fact, Mr. Ragen the last 3 or 4 years of his life had got to be a one-man crusader. He was trying to solve murders by himself. He was going out nights, having people watch this fellow or that fellow and everybody else. Junior Ragen, that is James Ragen Jr., called me over to his office and told me, "Tell that man to quit trying to go 100 miles an hour in a car that will do only 50."

Mr. HALLEY. Who told you that?

Mr. KELLY. Junior Ragen.

Mr. DEMPSEY. Told you to tell his father?

Mr. HALLEY. Tell me this: Was there any discussion about taking back Hymie Levin as a customer?

Mr. KELLY. No, sir; I never talked to any one about Hymie Levin as a customer. I never knew Hymie Levin and never talked to him.

Mr. HALLEY. Or R. & H. Apparently when Trans-American went out of business, Pat Burns, as you say, made a big thing of it, that they were going out, that they were busted.

Mr. KELLY. Pat Burns?

Mr. DEMPSEY. O'Hara.

Mr. HALLEY. Was it O'Hara?

Mr. KELLY. Yes; I believe Ralph O'Hara made the statement.

Mr. HALLEY. He made a big noise about going out. That left R. & H. and it left Harmony down in Kansas City. It left others in New Orleans, and so forth, holding the bag, so to speak. They had no source of news. With no delay whatsoever, except possibly in the case of New Orleans, they were able to get right back to the Continental Service.

Mr. KELLY. I doubt that, Mr. Halley. I don't think that they were put on by anybody immediately, because—

Mr. HALLEY. I can tell you this. I haven't had hearings yet in New Orleans and I haven't had hearings enough in Chicago to have the whole story, but it will come out. We have had the hearings in Kansas City. As you gathered before, we are a little hazy on some of the details which we will check in the record. But the one thing I am not in any doubt about is that there was no delay. Trans-American went out, and the service came right in.

Mr. KELLY. I doubt that very much.

Mr. HALLEY. That is the testimony.

Mr. KELLY. I doubt that very much.

Mr. HALLEY. That is the testimony. Isn't it, Bill? You were there.

Mr. GARRETT. As I remember the testimony, Partnoy said that he got a message from Trans-American that they were going out of business before they actually went out of business, and then either he or else Spitz called Ed Lenz here in Chicago to arrange about getting back on Continental, and the arrangement was made to get back on Continental. If there is any delay, it wasn't very much.

Mr. HALLEY. They had no problem at all. Who worked out the arrangement so that they could just ease back into Continental, all these bad boys who gave you all that trouble?

Mr. KELLY. I doubt very much—I am not disputing what somebody testified to, but I doubt that they—wait a minute. Mr. Halley, tell me this. Who went back to Continental that you are talking about?

Mr. GARRETT. Kansas City didn't go to Continental. They went to Midwest. Lenz put them on Midwest.

Mr. KELLY. Continental Press never went into Kansas City after—

Mr. HALLEY. Midwest did. What is the difference? Midwest went into Kansas City.

Mr. KELLY. Yes. I believe somewhere along the line Midwest supplied Kansas City with news.

Mr. HALLEY. Yes.

Mr. ROBINSON. For whom did Ed Lenz work?

Mr. KELLY. I would have to check the records. I don't know who he worked with at that time. Ed Lenz probably was working for Midwest at that time.

Mr. HALLEY. You were in fairly close touch with Midwest at that point, weren't you?

Mr. KELLY. Yes, sir; I was with Mr. Farrell, Sylvester Farrell.

Mr. HALLEY. Wasn't there any discussion about whether or not the Kansas City boys should be taken on? You were in a position to tell those fellows nothing doing and simply to get another distributor, weren't you?

Mr. KELLY. We couldn't get a distributor. Continental couldn't get a distributor in Kansas City.

Mr. HALLEY. Why not?

Mr. KELLY. There was nobody down there we could get.

Mr. HALLEY. Oh. You could have put somebody in there.

Mr. DEMPSEY. It might be easier said than done. I don't know.

Mr. HALLEY. There might be a little matter of lead poisoning, but aside from that—that is the whole thing I am trying to get to. Was it plain, simple force and intimidation that resulted in Continental's taking back these fellows who, after all had directly or indirectly been responsible for the death of Ragen whom you all loved? Take even——

Mr. KELLY. I don't believe, Mr. Kelly, they went back on Continental, any of those fellows.

Mr. HALLEY. Midwest. I have to assume that that is quibbling when you say it is not Continental, because Midwest for my dough is Continental. Here is the thing. You take Illinois Sport News taking back Pat Burns. By golly, Tom Bourke's son took a good licking for himself down in Kansas City as a result of this thing. He hired some lawyer whom you may have met, Konomos. Did you ever meet that lawyer?

Mr. KELLY. No.

Mr. HALLEY. He was to try to take care of things, and apparently Konomos got scared clear out of his wits by men with shotguns. The sheriff tells us that Bourke's son was beaten up on the streets of Kansas City. So it must have been a fairly acrimonious thing. I am wondering how it all got settled up.

Mr. KELLY. I don't know exactly how it was settled up in Kansas City outside of their getting the news from Midwest. That is all I do know about it.

Mr. HALLEY. How was it settled up in Chicago so that R. & H. had got back on to Midwest?

Mr. KELLY. R. & H. never did get back on Midwest, I don't——

Mr. HALLEY. Right straight on Illinois? How did R. & H. get back on Illinois after all that shooting?

Mr. KELLY. By this fellow going into Illinois Sport News with this publication that he had. Whether it was Condensed or Condensus, I don't know.

Mr. HALLEY. You mean Katz?

Mr. KELLY. Katz; yes.

Mr. HALLEY. Why didn't they say to Katz: "Look, Bub, you had your chance."

Mr. GALLAGHER. I think the answer to that, Mr. Halley, is the fact that going back into the Ragen regime was the question that he was always disturbed about turning down applicants for news.

Mr. HALLEY. The applicant would have to be qualified, and you had a—

Mr. GALLAGHER. He would have to have a sheet.

Mr. HALLEY. You could certainly turn down an applicant about whom your former president had complained bitterly to the FBI.

Mr. KELLY. Nobody knew who he was.

Mr. HALLEY. But look, Ragen had spent the last year of his life trying to get the FBI to help him get rid of this guy.

Mr. GARRETT. Let me ask it this way: Why is it that this new applicant who had been in disfavor got so much more favorable a rate than other people?

Mr. GALLAGHER. Which one?

Mr. GARRETT. R. & H.

Mr. KELLY. Got a favorable rate?

Mr. GARRETT. According to the testimony before McFarland they supply some 88 books for which they pay \$750 a week. That is a very cheap rate; isn't it?

Mr. KELLY. It would be if they had 88 books.

(Brief recess.)

Mr. HALLEY. When Ragen was killed, were you at that time the general manager in effect of Continental?

Mr. KELLY. No; I wasn't.

Mr. HALLEY. Who were you taking orders from?

Mr. KELLY. Let me get you straight, Mr. Halley. You mean after Mr. Ragen died?

Mr. HALLEY. Yes.

Mr. KELLY. Before Mr. Ragen died I was in there one time about 20 or 25 days after he was shot. He told me to go back and keep the business together with the family and above all, check everything that was of any importance with Mr. Thorne Arthur, the lawyer.

Mr. HALLEY. So you were in charge from that point on?

Mr. KELLY. That is right. No; I wasn't. No; I wasn't in charge.

Mr. GALLAGHER. With Arthur's advice, you ran it, didn't you, Tom?

Mr. KELLY. I was around there with it. I had no legal authority from the family estate or anybody else.

Mr. HALLEY. But there was nobody to give you orders and you assumed control.

Mr. KELLY. I took orders from the estate or Arthur or Junior Ragen, whoever I ran into, whoever would give me any orders.

Mr. HALLEY. Did they actually give you orders?

Mr. KELLY. Arthur more suggested, and if I met the Ragens I was figuring it was an order and I did whatever they asked me to do. Mr. Halley, I would like to tell you this. In that period of time from Mr. Ragen's death for about the first 3 months everything around there was in a turmoil. I don't think anybody wanted to stay in the office or to be around there after Mr. Ragen got shot. It was really a tough situation around there.

Mr. HALLEY. Business did continue?

Mr. KELLY. The business ran the same as when Mr. Ragen was in the hospital when he was alive.

Mr. GARRETT. Did Arthur McBride have anything to do with the management after 1943?

Mr. KELLY. Arthur McBride had nothing to do with the management after he sold out the business to Junior Ragen, whatever that was. That is Arthur McBride, Sr., you are talking about?

Mr. GARRETT. Yes.

Mr. KELLY. That is right.

Mr. HALLEY. Doesn't Arthur McBride have anything to do with the business today?

Mr. KELLY. Arthur McBride, Sr.; no, sir; he doesn't.

Mr. HALLEY. Even on a consulting basis?

Mr. KELLY. Consulting basis, when I would go to Cleveland to a ball game he would ask me or I would ask him—to start out with, he might ask me how's business, and I would tell him that it was good or bad.

Mr. HALLEY. You know Jimmy Dunn?

Mr. KELLY. Very well.

Mr. HALLEY. He is your distributor in Reno, isn't he?

Mr. KELLY. No; he is in Las Vegas.

Mr. HALLEY. Isn't he in Reno at all?

Mr. KELLY. No.

Mr. HALLEY. Who is in Reno?

Mr. KELLY. A fellow by the name of Frank Cohn.

Mr. HALLEY. Who was it who spent some time here in Chicago almost a year ago. Wasn't that Jimmy Dunn?

Mr. KELLY. Who I spent some time with?

Mr. HALLEY. Yes. Didn't he come here to arrange about a distributorship?

Mr. KELLY. Yes. He came here from Cleveland, Ohio.

Mr. HALLEY. Didn't Mickey McBride send him here to you?

Mr. KELLY. No. I believe the way that happened—I have known Jimmy Dunn, Mr. Halley, for maybe about 20 years. So it seems that there was a law passed out in Las Vegas that a fellow having the service could not have a casino. The fellow who had the service at that time had a casino.

Mr. HALLEY. Who was that?

Mr. KELLY. Connie Hurley. The State made him give up the distributorship of Continental Press. That was the service. Before he gave that up, Jimmy Dunn, who formerly worked out in California—I believe he worked for Brophy—was in Cleveland and I met Dunn in Cleveland and asked Dunn if he would want to go to Las Vegas as a distributor for Continental Press.

Mr. HALLEY. Had Dunn ever been in that business before?

Mr. KELLY. Sure, he worked for Brophy.

Mr. HALLEY. Where?

Mr. KELLY. In Los Angeles.

Mr. HALLEY. How long?

Mr. KELLY. Oh, Christ, he was out there I will say about 4 years, 5 years.

Mr. HALLEY. During what period?

Mr. KELLY. Let's see. It was under Ragen, Mr. Halley, anyhow. I don't know which period it was.

Mr. HALLEY. In any event, wasn't it the fact that McBride, senior, suggested that Dunn be given the distributorship?

Mr. KELLY. No, sir; it wasn't him. Not that I recall. I may have gone to Mr. McBride and said, "What do you think of Dunn going to Las Vegas?" I may have done that.

Mr. HALLEY. Was it your idea or McBride's idea?

Mr. KELLY. It was my idea of getting hold of Dunn in town.

Mr. HALLEY. Dunn came here to Chicago to see you?

Mr. KELLY. I was in Cleveland and run into Dunn and talked to him, I believe, about this. Dunn came in to Chicago after that, and then went from here to Las Vegas.

Mr. HALLEY. While you were in Cleveland, you did talk to Mr. McBride?

Mr. KELLY. That I wouldn't say, sir, unless I was positive, and I am not so sure that I did talk to him.

Mr. HALLEY. It is not so long ago.

Mr. KELLY. It is possible that I did talk to him. It is possible.

Mr. GALLAGHER. Mr. Halley, Mr. Kelly does see Mr. McBride on numerous occasions, attending sports events and all that. Is that what has you concerned, Tom, as to whether you did talk to him at that time about it?

Mr. KELLY. I may have talked to Mr. McBride about a thousand things, and this may have been one of them. If you are actually asking me if I remember talking to him, my answer is no, that I don't believe I did.

Mr. HALLEY. Mr. McBride must show some interest in his son's business.

Mr. KELLY. All the interest in the world, Mr. Halley, very much.

Mr. HALLEY. He asks detailed questions about the operations?

Mr. KELLY. He would say, "Tom, how is the business going? Does it look like it will be all right?" I would brush him off and say, "It is going all right. Just don't worry. Leave it go." After all, my only personal dealings, if I painted him too bad a picture, he is going to get rid of the business and I am out 15 percent.

Mr. HALLEY. That is just the thing. Young McBride, Junior, Eddie, doesn't know anything about it and can't form any judgment; is that right?

Mr. KELLY. That is right. No; wait a minute. The idea doesn't run like that, Mr. Halley. I believe that after Eddie McBride graduates out of the school he is in, he may become active in the business.

Mr. HALLEY. He may, but at this point his judgments would be worth absolutely nothing.

Mr. KELLY. No; positively. He doesn't know the first thing about this business.

Mr. HALLEY. But he has a lot of money in it.

Mr. KELLY. I don't know how much he actually has in it, to tell you the God's honest truth. I think he done pretty good with it without having too much in it.

Mr. HALLEY. What he started with, his father gave him and loaned him, and that is how he did it.

Mr. KELLY. Yes; I believe that is right. That is right. I believe that is right, Mr. Halley.

Mr. HALLEY. His father must show more than just a casual interest in what is going on.

Mr. KELLY. I wouldn't say any more than I would with my own son or you would with yours.

Mr. HALLEY. That is just it. If your son is in a business and your son doesn't know the first thing about it, you are pretty interested in talking to whoever is running it to make sure it is going right.

Mr. KELLY. He has probably asked me about how the business was going maybe a thousand times when I would be there. I may discuss it. I have never taken any orders from the man. He has never demanded me to take anything because that is what I understood when I accepted this thing.

Mr. HALLEY. That I understand, but he asks a lot of questions about what you are doing, doesn't he?

Mr. KELLY. He may. He may ask some questions about what was going on. I know he was very much interested in one instance in a case that was in California.

Mr. HALLEY. What was that?

Mr. KELLY. It was a case where Continental wire was chased out of California, where—Walter, can you explain that case out there?

Mr. GALLAGHER. I think Rudy is familiar with the case. Aren't you?

Mr. HALLEY. Yes; the case involving the wire.

Mr. GALLAGHER. It was brought against the son, Edward. My only comment about that is that Mr. McBride was undoubtedly very interested in it because of the legal results that might flow from the decision and asking Kelly how the rest of the thing stood up. Is that right, Tom?

Mr. KELLY. That is right.

Mr. GALLAGHER. Does he ask you at all, when you see him in Cleveland or if you see him in Chicago or in Florida or elsewhere, whether you are having any troubles anywhere with the wire?

Mr. KELLY. He never asks me that. I doubt that he ever asked me. He might ask me, "How is the bank roll?" or something like that. "Do you think you will make money this year?" or some damned thing like that. But for details—

Mr. HALLEY. Does he say, "How is it coming in from New Jersey?" for instance? Will he say that?

Mr. KELLY. No. He wouldn't even know who was in New Jersey if you told him.

Mr. HALLEY. But when the trouble came up in California he was very definitely interested in that?

Mr. KELLY. He was very definitely interested in finding out how the thing came out.

Mr. HALLEY. He talked to lawyers?

Mr. KELLY. No; he never talked to the lawyers.

Mr. GALLAGHER. I can say at that time, Mr. Halley, that I was handling it with Charlie Carr, the former United States attorney in the southern district, who represented Continental there on my recommendation. I feel certain and positive that I had no conversation with Mr. McBride myself at any time about it. As a matter of fact,

up until the last couple of weeks when I have talked to him about this picture with Edward and all, I doubt that I myself have even seen Arthur McBride twice.

Mr. KELLY. May I get off the record.

Mr. HALLEY. All right.

(Discussion off the record.)

Mr. HALLEY. Let's get back on the record. How about this fellow Bergner?

Mr. KELLY. Al Bergner?

Mr. HALLEY. Yes.

Mr. KELLY. Al Bergner was hired in Cleveland. That is a fellow who is an ex-newspaperman.

Mr. HALLEY. He worked for McBride, didn't he, on the newspaper?

Mr. KELLY. Yes. He was editor, I believe, of the same paper that McBride was on.

Mr. HALLEY. Didn't McBride want him hired by Continental?

Mr. KELLY. No. The way that Bergner came out was this, Mr. Halley. We were getting a lot of bad publicity all over the country. So Joe Levitt called me and told me—you are right on Bergner. Mr. McFarland suggested to get ourselves straightened out with some of these newspapers, which I did, and we hired Bergner as a man to take care of any relations in Cleveland, to take care of the paper as needed around there. But I hired Al Bergner myself, because Al was here in Chicago. I believe his home was in Chicago and he moved to Cleveland.

Mr. HALLEY. But Mr. McBride made the suggestion; is that right?

Mr. KELLY. I believe he did. I am not sure about it, Mr. Halley. Mr. Robinson, you don't have the record of when he went to work for us on Continental?

Mr. ROBINSON. No.

Mr. KELLY. If you had the date that Mr. Bergner went to work for Continental, then I could clear it up, but that is one thing that I am not too sure of, Mr. Halley, because he might have been in that office under the Ragen situation, do you understand, but I know I have talked to Al Bergner a thousand times on the phone about the situation. I believe that I was the fellow who hired Al Bergner. I might have hired him under Ragen; I am not sure. If he was working during the fight around Chicago here or when the other wire was in existence, then I hired the man through Ragen's suggestion.

Mr. HALLEY. You mean through McBride's suggestion.

Mr. KELLY. No. He was on the payroll before the fight, when the fight started. McBride had nothing to do with it at that time; nothing to do with it. So if the records will show, if I can find out just when he was hired, then I can clear that up very well.

Mr. HALLEY. Did various people from time to time try to cut in on the Continental business and work into the wire business?

Mr. KELLY. I can truthfully say—and I am not a man to take many oaths; I don't take to them—but since I have been in this business nobody has bothered me, and that is the truth, so help me God.

Mr. HALLEY. You mean since 1947?

Mr. KELLY. Since Mr. Ragen has passed away.

Mr. HALLEY. How about prior to that?

Mr. KELLY. Prior to that I wouldn't know because I wasn't in authority at that time.

Mr. HALLEY. Do you remember the business with Tom Ryan in New York?

Mr. KELLY. That was under Ragen. Ragen and Tom Ryan fell out and Ragen spent an awful lot of money trying to send Tom Ryan to the penitentiary.

Mr. HALLEY. What did he think he had on Ryan?

Mr. KELLY. He concocted a story that Ryan was connected with the "Purple gang" in Detroit, and I believe, if you check, you will find that the New York Daily Journal had the same story about Ryan.

Mr. GALLAGHER. Ragen put that story out?

Mr. KELLY. Ragen paid somebody for it. At least that was propaganda. I don't know for sure whether he did or not. I know that was the talk that was around Chicago.

Mr. HALLEY. Was Ryan supposed to be in with Costello, too?

Mr. KELLY. That I couldn't tell you, Mr. Halley, whether he was supposed to be or not. That was under Ragen's regime. I don't know whether he was or not. I couldn't tell you.

Mr. HALLEY. Did you ever see the statement Ragen made to the police?

Mr. KELLY. No; I didn't. I never had anything to do with any statement.

Mr. GALLAGHER. I read a lot of the stuff in the newspapers.

Mr. HALLEY. One of these days maybe we will go through it with you and see how much you can verify.

You make no effort to dictate to any of your distributors to whom they should sell?

Mr. GALLAGHER. I don't think we can dictate to them anyhow because they had their own business, Mr. Halley. That is my frank opinion.

Mr. HALLEY. What do you mean "they have their own business"?

Mr. KELLY. They have their own distributing business and they wouldn't take any orders from me as to the way they distribute them.

Mr. HALLEY. If you cut them off, they would be in a bad way, wouldn't they?

Mr. KELLY. Mr. Halley, I want to tell you about cutting people off. You can check this with the record. We cut a fellow off in Phoenix, Ariz., and I think it cost us about \$100,000.

Mr. HALLEY. How?

Mr. KELLY. Through court litigation and lawyers.

Mr. HALLEY. You mean he sued you?

Mr. KELLY. Oh, Christ, we had a heck of a time around there.

Mr. HALLEY. Did you lose the suit?

Mr. KELLY. We finally wound up winning it after spending all that money.

Mr. HALLEY. The \$100,000 was for lawyers' fees?

Mr. KELLY. It was for everything. It probably ran into more than that.

Mr. DEMPSEY. Incidentally, it was filed in this district and all the records are upstairs.

Mr. HALLEY. You won the suit proving that you had the right to cut them off?

Mr. GALLAGHER. That is right. The contention was that they wanted to raise his rate and when he wouldn't agree to that they cut him off, and he came in and sued on the ground that that was his territory, he owned the business, and they didn't have any right to cut him off. The court of appeals held that they did.

Mr. HALLEY. Would any individuals in Chicago and elsewhere who might not be connected with Continental be in a position to dictate from time to time to your distributors who should have wire service?

Mr. KELLY. Would anybody be in position to dictate to Continental distributors who they should give wire service to? No, sir.

Mr. HALLEY. We get back, for instance, to this Florida deal. Somebody apparently told your distributors to cut their service off.

Mr. KELLY. I believe Mr. Gallagher told you that in a case of that kind where a local distributor would cut somebody off, that wouldn't come to Continental's attention unless the party who was cut off would call Continental direct.

Mr. GALLAGHER. He is not asking that question, Tom. What Mr. Halley is asking is whether or not anybody would have sufficient influence on a distributor to get him to go along with what he wants. Isn't that what you asked?

Mr. HALLEY. Yes.

Mr. KELLY. I don't understand the question.

Mr. HALLEY. Let's see what we mean. I will go about it in a different way. In the last question before lunch Mr. Garrett I think asked if R. & H. wasn't getting an awfully low rate, and you said you thought they were getting a very low rate.

Mr. KELLY. If they had the amount of stops that he says they have.

Mr. HALLEY. We are talking about the amount of stops that were proven before the Interstate Commerce Committee.

Mr. DEMPSEY. That was just a statement that they submitted, wasn't it?

Mr. GALLAGHER. That was their statement they submitted.

Mr. DEMPSEY. I don't think they were under oath or anything else.

Mr. HALLEY. They ought to know how many drops they have.

Mr. GARRETT. It would be short, if anything.

Mr. GALLAGHER. That is probably so.

Mr. HALLEY. We are all agreed that it would be short, that it wasn't an over statement.

Mr. GALLAGHER. I think that is probably so.

Mr. HALLEY. So it looks as though they are getting their service pretty cheap. It also looks to us as though they are dominated by the same gang that Mr. Ragen originally tried to fight, Hymie Levin's gangster friends.

It also looks to us as though they from time to time succeeded in telling your distributors what to do and what not to do.

Mr. KELLY. Hymie Levin's gang?

Mr. HALLEY. Yes. That is what I am asking you, whether you know anything about whether any people would have any influence on your distributors.

Mr. KELLY. Hymie Levin or any other person in Chicago outside of Tom Kelly would have no authority to tell any distributor whether or not to give somebody news or to cut them off. I doubt that very much, Mr. Halley.

Mr. HALLEY. Why did Trans-American go out of business?

Mr. KELLY. From what I can understand, you see just like I said yesterday, Mr. Halley, there is not room for two services in this business. They must have lost a million dollars or a half million dollars.

Mr. HALLEY. How much did you lose during the fight?

Mr. KELLY. Nothing, not a quarter.

Mr. HALLEY. Why did they lose and not you?

Mr. KELLY. We were very close to being in the red.

Mr. DEMPSEY. To clear the record, you say you didn't lose. You mean you didn't go in the red?

Mr. KELLY. We didn't go in the red.

Mr. DEMPSEY. But your profits might have fallen off considerably.

Mr. KELLY. I think the first 3 months we did lose. We had cash on hand, but we lost money. That is, I believe that is it. That gets back to the bookkeeper. He can answer that or I can answer that with Mr. Robinson.

Mr. HALLEY. The fight then was costing you both a lot of money.

Mr. GALLAGHER. They announced in the paper at that time that they were going out of business, I read in the Chicago newspaper, that they had lost in excess of \$750,000.

Mr. HALLEY. That was newspaper talk.

Mr. KELLY. If we continued on, Mr. Halley, and they had taken some more of our customers, we would have gone out of business ahead of them. They damned near had us licked.

Mr. HALLEY. Where do you think Ralph O'Hara and Pat Burns could have gotten \$750,000 to lose?

Mr. KELLY. That is a pretty hard question to ask me, Mr. Halley. I would have no idea.

Mr. HALLEY. It is obvious that they didn't have anything like that themselves.

Mr. GALLAGHER. As a matter of fact, we were talking with Mr. Kelly about the statement that was in the newspaper again the other day, whether correct or not, to the effect that Trans-American was assessing these guys like in Kansas City, in other words, bankrolling it out of those territories. Mr. Kelly said to us that is the first he understood that is how they operated.

Mr. KELLY. I didn't know they operated that way, Walter, until the other day when somebody brought it to our attention, wherever they went to sell their service, they got so much in advance.

Mr. ROBINSON. Is that a common practice in the wire-service business?

Mr. KELLY. It never has been with Continental Press.

Mr. GARRETT. Could Pat Burns have had \$200,000 to lose?

Mr. KELLY. That I couldn't answer. Yes or no; I could not answer that. I don't know what Pat Burns is worth. If you asked Tom Kelly, I could answer that, but I couldn't answer for Pat Burns. To tell you the truth, I never wanted to have anything to do with Trans-Radio. I didn't want to see them.

Mr. DEMPSEY. Trans-American.

Mr. KELLY. Trans-American. I didn't want to go over there. Nobody invited me over. Ragen used to ride by there and look up and see if the lights were on some place over on Madison Street. I didn't even want to know where their office was.

Mr. HALLEY. Tell me this: Was Illinois Sports News formed before Trans-American went out of business?

Mr. KELLY. Illinois Sports News was formed a long time before Trans-American went out of business.

Mr. HALLEY. How much before? When was it formed?

Mr. KELLY. It was formed maybe before Trans-American was formed.

Mr. GARRETT. When did Illinois Sports News start distributing to Midwest and R. & H.?

Mr. KELLY. I think you will find that was in either the early part of '48 or '49. No; I won't say '48. The latter part of 1945 or the early part of 1946. I believe that is it. Mr. Robinson would know. He would have the dates.

Mr. HALLEY. I don't know that you can answer these questions, but you see the vital questions are going to be, before Trans-American went out of business, were there arrangements made whereby R. & H. would get its service from Midwest and Harmony would get its service from Midwest, and so forth? You know the Midwest people. You talk to them, don't you?

Mr. KELLY. That is right.

Mr. HALLEY. Who are the people who run Midwest?

Mr. KELLY. One of them is Mr. Sylvester Farrell, who is a fellow that you could take in your home and leave him there for 9 years and find everything there when you come back.

Mr. HALLEY. I should hope so.

Mr. KELLY. That is the kind of fellow he is.

Mr. GALLAGHER. May I interrupt a second. What you have in mind is, at the time that Trans-American went out was there a deal made between any of these subdistributors and these fellows that they would get the news back when he went out?

Mr. HALLEY. Of course.

Mr. GALLAGHER. Who would know? Kelly said he made no deal with anybody. The next point you would have to ask, you have to realize Midwest had a different personnel at that time than it has now from what Mr. Kelly said. At that time it was George Kelly, Frestel, and Sylvester Farrell as to Midwest, is that correct?

Mr. KELLY. No.

Mr. GALLAGHER. Who were the three owners of Midwest in 1947? Didn't your brother have a third and Frestel have a third, and Farrell have a third?

Mr. HALLEY. Was there a deal, Walter?

Mr. GALLAGHER. To my knowledge, no. I can honestly answer that.

Mr. HALLEY. Without a deal—

Mr. GALLAGHER. Do you know of a deal made with anybody, Mr. Kelly, to give these fellows service in consideration of Trans-American's going out or anything?

Mr. KELLY. It never was talked about at all.

Mr. HALLEY. Look. You know in the practice of law we see a lot of arrangements made where there is no deal. If R. & H. boys walked into Midwest or Illinois News, or Midwest, and said, "We would like to buy some service from you," that would imply in itself that they were going to stop the Trans-American operation, so you would know where you stood, and if then at the same time they said,

"The chances are you are going to be hearing from the boys in Kansas City, how are you going to treat them?" and if Midwest said, "We will give them service, too," there wouldn't have to be a deal, with a capital "d" and quotation marks put around it.

Mr. GALLAGHER. Ask Kelly if he knows anything about it.

Mr. HALLEY. How about Lenz? How does he fit in there?

Mr. GALLAGHER. There are a couple of Lenzes, aren't there?

Mr. HALLEY. This is Frank Lenz.

Mr. KELLY. I think there are three of them.

Mr. HALLEY. The Kansas City people dealt with Frank Lenz, I think.

Mr. DEMPSEY. You said Eddie this morning.

Mr. GARRETT. I think I said Eddie.

Mr. HALLEY. You said Eddie. Wasn't it Frank?

Mr. GALLAGHER. Have you ever heard who the Kansas City people dealt with, Mr. Kelly?

Mr. KELLY. I may have heard that Kansas City was back on the wires, back getting service from the Midwest. I heard that.

Mr. GALLAGHER. Did you hear who they talked to?

Mr. KELLY. I never knew who talked. The only time I ever connected Kansas City with any service would be Simon Partnoy. He is the only man I knew there. I met him twice.

Mr. GALLAGHER. After Trans-American went out of business——

Mr. HALLEY. He was no bargain.

Mr. KELLY. He was a kind of chicken-hearted guy, I guess.

Mr. GALLAGHER. Did you ever hear after Trans-American went out of business, who from Harmony talked to whom at Midwest about getting the service back?

Mr. KELLY. No; I didn't know who they talked to. The only one I ever thought he would talk to or did talk to was Simon Partnoy.

Mr. GALLAGHER. What about at Midwest? Did you hear who from the Harmony Publishing Co. talked to somebody in Midwest to get the service back in Kansas City? Did anybody ever tell you?

Mr. KELLY. No. If they talked about Kansas City they always talked about Simon Partnoy.

Mr. DEMPSEY. Who in Midwest would have talked with Partnoy?

Mr. KELLY. Sylvester Farrell or one of the owners.

Mr. GALLAGHER. Did either Sylvester Farrell or one of the other owners tell you whether or not they had talked with anybody at Harmony?

Mr. KELLY. That I couldn't tell you. I don't know for sure. That is over a pretty long time.

Mr. HALLEY. I think we are going to reserve this subject for future discussions, but first I want to know, are you going to be able to succeed in bringing Mr. Farrell and his partners in here, the Midwest people?

Mr. KELLY. That I couldn't promise you, Mr. Halley, Mr. Farrell and his partners, because they are a customer of Illinois Sports News.

Mr. HALLEY. Have a chat with your brother and see if he can do it.

Mr. KELLY. I doubt that too.

Mr. HALLEY. I think you have to do it, Mr. Kelly. It is no joke, you have to get those boys in here or we will just be sitting here for-

ever at this thing. We have to get these answers. If we put two and two together we have the answers anyway.

Mr. KELLY. If it is possible that I can bring about having any witnesses that you want in here, I will cooperate with you 100 percent.

Mr. HALLEY. This is your official family, and I think you have to get them in.

Mr. KELLY. From what you tell me, there is a lot of official family here I don't want to have nothing to do with.

Mr. HALLEY. Get them in or get them out.

Mr. KELLY. I don't know the fellows you are talking about. You have mentioned a lot of names here that I don't associate with.

Mr. HALLEY. You know Farrell well.

Mr. KELLY. One of the nicest boys in the world. He is a swell fellow.

Mr. HALLEY. We have to get Farrell and his partners and we have to get Lenz. We have to talk to them. When we do, I think we will have the whole story. We have made considerable progress today. I am sure you would like to let us have the whole story.

Mr. KELLY. I would like to have you get the complete picture as far as possible in Chicago. The sooner that is done, the sooner Mr. Halley is satisfied and everybody else is satisfied, because as far as the Continental is concerned, the Illinois Sport News, and the Midwest, I don't think anybody who owns that organization has anything to worry about.

Mr. HALLEY. How long after you became the boss at Continental did Trans-American go out of business?

Mr. KELLY. Eddie McBride bought it April 1, 1947. Trans-American was in business maybe 3 or 4 months, I believe. It was less than 6 months.

Mr. GALLAGHER. I think, as a matter of fact, it was just a couple of months or so, wasn't it, George? A couple of months?

Mr. ROBINSON. I think probably so.

Mr. GALLAGHER. Maybe 2½ months or so.

Mr. KELLY. It was in that period, anyhow.

Mr. GALLAGHER. You became general manager under Edward McBride in a period of 3 or 4 weeks or so after he became the owner, didn't you? Within a month or so would you say you had become the manager?

Mr. KELLY. I became the manager within a month after Eddie McBride bought it?

Mr. GALLAGHER. Yes. Within that length of time would you say you became manager?

Mr. KELLY. Oh, sure I became manager within that time, sure.

Mr. GALLAGHER. He was manager, then, before Trans-American was out.

Mr. KELLY. Sure. I was manager then, sure. I was manager; my brother had the Illinois Sport News.

Mr. HALLEY. When did you discontinue the Green Sheet?

Mr. KELLEY. We didn't discontinue it. The Green Sheet is still in existence.

Mr. HALLEY. You are still putting it out?

Mr. KELLY. That is the Illinois Sport News.

Mr. HALLEY. What happened to the Blue Sheet? That went out because of the litigation?

Mr. KELLY. It went out during the time of the litigation, but I think it is being published now. It is still being published. I think the Illinois Sport News publishes that.

Mr. HALLEY. The Illinois Sport News publishes the Green Sheet, doesn't it?

Mr. GALLAGHER. And the Blue.

Mr. HALLEY. They publish them both now?

Mr. GALLAGHER. Tom, did the Illinois Sport News buy out the Blue Sheet's machinery or any of that stuff?

Mr. KELLY. That was a litigation which was handled by the lawyers during Ragen's time.

Mr. HALLEY. Wait a minute. When did Illinois Sport News buy out the Blue Sheet?

Mr. KELLY. That was being printed by the Illinois Sport News.

Mr. HALLEY. The Green Sheet was?

Mr. KELLY. And the Blue Sheet.

Mr. HALLEY. The Blue Sheet was being put out by a company that was owned half by Farrell and half by Senator Serritella?

Mr. KELLY. That was in the court litigations, and it was bought out.

Mr. HALLEY. Who bought out that sheet? Illinois?

Mr. KELLY. But it was bought out in Illinois under Mr. Bourke.

Mr. HALLEY. At what point in time?

Mr. GALLAGHER. Probably some time in 1946, wouldn't it be?

Mr. KELLY. That was when Mr. Ragen was alive, whatever time that was.

Mr. GALLAGHER. The early part of 1946, I think.

Mr. KELLY. It was when Ragen was alive, anyhow. I don't know just what day it was. That is a matter of record Mr. Halley, with the court.

Mr. GALLAGHER. I think around the early part of 1946 or the spring of 1946.

Mr. DEMPSEY. The Illinois books would show that.

Mr. KELLY. No; I don't think Illinois' books would show that. His personal books would.

Mr. HALLEY. When you say Bourke's books, Bourke's books for what company?

Mr. KELLY. The Illinois Sport News before it was sold to George Kelly.

Mr. GALLAGHER. In other words, when he owned it before it was sold to George Kelly. George Kelly didn't buy it until the end of 1946.

Mr. HALLEY. George Kelly bought Illinois from Bourke at the end of 1946.

Mr. KELLY. 1946, that is right.

Mr. HALLEY. Where did Bourke go at that time?

Mr. KELLY. Where did he go?

Mr. HALLEY. Yes.

Mr. KELLY. Bourke went to Florida with me after he sold out the Illinois Sport News. We were in Florida for, I think, 2 or 3 months.

Mr. HALLEY. Did he come back here and go in the business again?

Mr. KELLY. Not in the scratch sheet business, because he was getting \$500 a week from the Illinois Sport News.

Mr. HALLEY. Did he ever come back to Continental or any of his distributors?

Mr. KELLY. He never was in Continental.

Mr. HALLEY. He is back with Illinois Sports now.

Mr. DEMPSEY. He has never been away. He has always been on the pay roll at \$500.

Mr. KELLY. After Mr. Bourke sold out his Illinois Sport News to George Kelly, he got \$500 a week up to the present day. He is still drawing \$500 a week, I believe.

Mr. ROBINSON. That is right.

Mr. HALLEY. Did the Trans-American put out a scratch sheet?

Mr. KELLY. I don't think they have a scratch sheet. No, sir; I don't believe so. I don't think they have.

Mr. GALLAGHER. Did you find out from any of your distributors whether the areas that Trans-American went into they were selling scratch sheets there, too, that they put out a scratch sheet in Nevada? Did you find out whether they were putting out a scratch sheet in Kansas City?

Mr. KELLY. I don't believe they put out a scratch sheet any place, to tell you the God's honest truth. I don't recollect a scratch sheet at all that Trans-American was interested in, that I know of.

Mr. HALLEY. How well did you know Molasky in St. Louis? Did you know him pretty well?

Mr. KELLY. Sure. He was one of the old gang.

Mr. HALLEY. He was one of the old Annenberg gang?

Mr. KELLY. He was very friendly with M. L. Annenberg.

Mr. HALLEY. How well did you know Molasky's partners down there? Did you know Gully Owen?

Mr. KELLY. Yes; I knew him very well; a nice man.

Mr. HALLEY. Did you know Bev Brown?

Mr. KELLY. I knew of Bev Brown, yes. I met him in Chicago here three or four times, I believe.

Mr. HALLEY. Did you ever talk to any of them about Bev Brown's signing up with Trans-American—

Mr. KELLY. No, sir; I didn't. I never talked to them about it.

Mr. HALLEY. At that time?

Mr. KELLY. No, sir. In fact, I don't think Mr. Brown lived very long after Trans-American went out of business. I think he lived only a short while.

Mr. HALLEY. Do you know Frank Wortman?

Mr. KELLY. Who?

Mr. HALLEY. Wortman.

Mr. KELLY. I never heard of the gentleman.

Mr. HALLEY. You don't know him.

Mr. KELLY. No, sir.

Mr. HALLEY. When Midwest resumed selling the service to R. & H.—

Mr. KELLY. Midwest resumed selling service to R. & H.?

Mr. HALLEY. When it began selling service to R. & H.—

Mr. GALLAGHER. Illinois sold to R. & H.

Mr. GARRETT. Midwest sold back in an earlier period before the fight.

Mr. HALLEY. When Illinois agreed to sell the service——

Mr. KELLY. Mr. Halley, I never heard of R. & H. until maybe about a year or a year and a half ago. The name is not familiar to me, R. & H. The only one I know ever selling news around Chicago up until a year or two ago was Hymie Levin. He is the only fellow.

Mr. HALLEY. That is R. & H.?

Mr. KELLY. That I don't know.

Mr. GALLAGHER. He says he didn't know it by that name.

Mr. HALLEY. When Illinois started selling to Hymie Levin, was there any discussion with you about it?

Mr. KELLY. May I have that question again?

Mr. HALLEY. Did you talk to anybody about Illinois selling to Hymie Levin?

Mr. GALLAGHER. Did you talk to your brother or anybody about it?

Mr. KELLY. At the time this fellow went in there with this scratch sheet——

Mr. DEMPSEY. You mean Katz?

Mr. KELLY. I didn't know who it was until later on they identified him as Katz. He went there and he wanted to buy news for this scratch sheet. I think my brother George called me—I am not sure whether it was George or somebody else over there—called me and asked me whether it was all right to sell to another publication in town. I told them, I believe at that time, you might as well get as much money as you possibly can out of Chicago.

Mr. HALLEY. Do your books show when that scratch sheet went——

Mr. GALLAGHER. Illinois' books would show it.

Mr. HALLEY. Have we got that date?

Mr. ROBINSON. When the scratch sheet went on?

Mr. HALLEY. Yes.

Mr. ROBINSON. I don't recall if it shows when R. & H. went on.

Mr. KELLY. May I ask a question just for my own information, Mr. Halley. Is that permissible? When did R. & H. go on the Illinois Sport News?

Mr. ROBINSON. The first record of receipt I have is October 7, 1947.

Mr. HALLEY. It is possible that the scratch sheet went on even before R. & H. did, that is, just the scratch sheet.

Mr. GARRETT. R. & H. did business under two names, the name Condensed Sports News and the name R. & H.

Mr. DEMPSEY. That clears up a lot of this. It is the same outfit doing business under two names.

Mr. GARRETT. According to their statement.

Mr. HALLEY. When did Trans-American go out of business?

Mr. GALLAGHER. Around June of 1947, I think.

Mr. ROBINSON. Which one?

Mr. HALLEY. Trans-American.

Mr. GALLAGHER. Wasn't it around June of 1947?

Mr. KELLY. I believe it was.

Mr. ROBINSON. In that area.

Mr. HALLEY. Now you have a gap of about 3 months between the time Trans-American went down and the time R. & H. went to Illinois Sport News. Then the question is, did Condensed Daily Sports go on the Illinois account.

Mr. GALLAGHER. His record will show.

Mr. ROBINSON. I don't recall.

Mr. HALLEY. There is no record of it. It just doesn't make sense that Trans-American would quit before they had taken care of R. & H. and Hymie Levin on his wire service, and of course we have testimony in Kansas City that even the Kansas City boys were able to make their deal with Midwest before Trans-American went out of business.

Mr. KELLY. I doubt that very much, Mr. Halley.

Mr. HALLEY. They so testified.

Mr. KELLY. I doubt that.

Mr. GALLAGHER. You don't mean that you doubt they testified.

Mr. KELLY. No, no, no, don't get me wrong there. I don't doubt that they testified to anything, but I don't think that Trans-American let loose of one of their customers. I don't think that is possible.

Mr. HALLEY. They weren't letting loose of their customers. They decided to quit, apparently, if they could get the service from you on certain terms.

Mr. KELLY. Trans-American's going out of business was like something that fell out of the sky to the Continental Press and the people in it.

Mr. HALLEY. You mean you didn't expect it?

Mr. KELLY. To tell you the God's honest truth, we were expecting to go out of business, not Trans-American.

Mr. ROBINSON. Let's get back to something, Mr. Kelly, that I didn't get too clearly in my mind. Who actually put Burns on the payroll at Illinois?

Mr. KELLY. That is something I don't know. It is not clear to me. I don't know the time Pat Burns went over there. I don't know what year it was. It is very, very hard for me to answer that question.

Mr. ROBINSON. Do you have any recollection of discussing it with your brother, George?

Mr. KELLY. I don't know if I did or not. I will say this, that if George was going to hire somebody like Pat Burns, he would talk to me. I would say that. Yes, sir.

Mr. ROBINSON. Who were the other officers that you know in Trans-American?

Mr. KELLY. The other officers in Trans-American? The only officers I know in Trans-American, the only people connected with it, whether they are officers or not, are three people. They are Pat Burns, Andrew Burns, and Ralph O'Hara.

Mr. ROBINSON. Both Pat Burns and Andrew Burns and Florence Burns came to work for Illinois on the same day, June 21, 1947. I think it is reasonable to assume that Trans-American couldn't have been operating without Pat and Andrew Burns. By that time Trans-American ceased to have any real activity.

Mr. KELLY. Pat Burns went to work for the Illinois Sport News the day that Trans-American went out of business?

Mr. ROBINSON. No, I say it is reasonable to assume, I think, that Trans-American wasn't operating while Pat Burns and his son Andrew Burns, and his daughter Florence Burns were on the payroll of Illinois.

Mr. KELLY. I doubt very much that Trans-American was operating when any of these fellows went back and went to work.

Mr. ROBINSON. That is what I mean. So Trans-American must have ceased its activities at least on the first day that Pat Burns and Andrew and Florence were on the payroll of Illinois.

Mr. KELLY. I would say that.

Mr. ROBINSON. You don't know anything about how they got on the payroll of Illinois?

Mr. KELLY. I don't recall, Mr. Robinson, what year they went to work or anything.

Mr. DEMPSEY. He has given you the date.

Mr. GALLAGHER. June 12, 1947?

Mr. KELLY. June 21, 1947.

Mr. ROBINSON. Pat Burns went on the payroll at \$250 a week, Florence Burns went on as \$125 a week, and Andrew Burns went on as \$150 a week.

Mr. KELLY. That doesn't bring back any memories to me about what happened around that time. Was Trans-American in business at that time?

Mr. GALLAGHER. They are probably out of business.

Mr. ROBINSON. They are out of business at that time. I don't think there is any question about it.

Mr. KELLY. June 21, 1947?

Mr. ROBINSON. That is right.

Mr. GALLAGHER. Do you remember having any talk with your brother or anybody in Illinois about suggesting that they ought to give them a job or their saying they were going to give them a job? Do you have any recollection of that?

Mr. KELLY. No; I don't.

Mr. ROBINSON. The point I am trying to get at is why they were put back on the payroll—I won't say "put back" because they had never been on the payroll of Illinois—why were they taken on the payroll of Illinois after having been with the company that was competing with Continental and after they had done the job on Ragen that Ragen says they did on him, leaving him after all those years of being on the payroll of Continental or Midwest.

Mr. KELLY. Do you know Pat Burns, Mr. Robinson? Excuse me if I am out of order.

Mr. ROBINSON. I met him casually at one time.

Mr. KELLY. If you ever seen an individual that is a master at getting news out of a track, you are looking at Pat Burns, who Annenberg thought in his own mind was one of the greatest men for getting news out of race tracks in his life. He was champion of the world. He was a very, very good man. I was going to say a hell of a good man but I had better not. He is a very, very good man getting news out of a race track.

Mr. ROBINSON. Do you have any recollection of this situation? When Sportsman's Park had their opening day, I think it was in the fall of 1945, Burns was at that time working for Trans-American. According to Mr. Ragen, he had signed up some house out near one of the tracks in order to get the news out of the track. Ragen sent men out there named Bourke and Tierney to try to get coverage for the tracks themselves, and they apparently got the same woman whom Burns had leased the house from to let Tierney in there. All of which

resulted in the chief of police of Cicero arresting Tierney and his crew who were trying to get the news out of the track.

Mr. KELLY. That was under Mr. Ragen.

Mr. ROBINSON. At which time Mr. Ragen got hold of his attorney, Hilton, to try and spring these fellows loose from jail.

Mr. KELLY. That was under Mr. Ragen.

Mr. ROBINSON. You don't recall that incident at all?

Mr. KELLY. I remember part of it, but I don't remember what the heck it was all about.

Mr. ROBINSON. It was important to Ragen because he felt if Trans-American got the news out of the track at that time and cut Midwest out, that would result in Trans-American's getting a monopoly of the news at Chicago.

Mr. KELLY. Trans-American was dead if they didn't have news to sell.

Mr. ROBINSON. The only one who could service the number of book-makers there were in Chicago would have been Trans-American. Midwest wouldn't have been able to service them. That is why Ragen was so keen on being certain that his men, Tierney and Bourke, were able to sign up some place at the opening day of Sportsman's or Hawthorne Park.

Mr. KELLY. Ragen always used the phrase that the show must go on. So I imagine Ragen was out there to get the news or to make sure that his organization got the news the best way they could.

Mr. ROBINSON. That was apparently during the time the fight was going on.

Mr. KELLY. Very much so.

Mr. ROBINSON. Another thing. Apparently in September of 1947 Midwest was getting news from Illinois and paying \$5,000 a week for it.

Mr. KELLY. Midwest was getting it from Illinois.

Mr. ROBINSON. In September 1947?

Mr. KELLY. September 1947.

Mr. ROBINSON. In October of 1947 R. & H. got news from Illinois for which they paid \$1,500 for the first week, and that immediately dropped the next week to \$750 and has remained at \$750 ever since; but the rates from Illinois to Midwest have varied anywhere from \$2,000 to \$10,000 a week over the next succeeding 3 years. What I mean is, R. & H. started out and paid \$1,500 the first week to Illinois for news in October.

Mr. KELLY. R. & H.?

Mr. ROBINSON. That is right. The next week it dropped to \$750, and it has remained that way ever since.

Mr. KELLY. Would it have been possible, Mr. Robinson, that they paid for 2 weeks with the \$1,500?

Mr. ROBINSON. That is entirely possible. I think that is probably what did happen. But Midwest paid to Illinois beginning at practically the same time, the first payment, \$5,000.

Mr. KELLY. Let me understand that. Midwest paid Illinois \$5,000 for service? at the same time?

Mr. ROBINSON. That is right. And Midwest's rate from Illinois has gone up to \$10,000, down to \$2,000, back to \$5,000, \$7,000, and \$8,000 a week.

Mr. KELLY. Midwest has gone up to \$8,000? In other words, Illinois News is collecting \$8,000 a week from Midwest?

Mr. ROBINSON. \$8,000; sometimes \$2,000, sometimes \$10,000, sometimes \$7,000, sometimes \$5,000 from Midwest over the course of the next few years.

R. & H.'s rate from Illinois has remained constant at \$750 a week. This all ties into the same period when Trans-American went out of business, and Pat Burns and his family came to work for Illinois. So what is the explanation of that?

Mr. KELLY. Why would the money that Illinois Sport News received from Midwest go up as high as \$10,000 and why would R. & H. pay \$750 or \$700 for a period of—

Mr. ROBINSON. \$750 all the way through.

Mr. GALLAGHER. I wasn't following you, George. Is the period you are talking about Midwest the time before there was a Midwest and General News? Is this when it was just Midwest which was selling Kansas City? Midwest had a hell of a big territory, didn't it? Midwest I think covered several States at that time and it was subsequently that it broke down into General News and Midwest, and in General News alone, so I understand, the wire charge ran around \$2,000 a week just to pay Western Union. If you take the General News, what they are paying out for charges and what they have left after operating expenses and add that into Midwest, you can see why Midwest would be so much the higher figure than it would be today when there is a Midwest and a General News. Probably four or five thousand dollars a week difference.

Mr. ROBINSON. But my recollection of the record here is that even after General came into the picture the rates still fluctuate to Midwest.

Mr. DEMPSEY. Is the question, Why one is fluctuating and one on a flat rate?

Mr. GARRETT. Midwest is fluctuating and high and still is, and the other the flat and low.

Mr. GALLAGHER. Midwest fluctuates now in what they pay Illinois News?

Mr. GARRETT. Yes. Illinois News, what they pay Continental Press Service fluctuates also.

Mr. GALLAGHER. What is your arrangement with Illinois News, Tom? He has stated that the amount of money that Illinois News pays to Continental Press fluctuates. What is your arrangement with Illinois News on the sale of news to them?

Mr. KELLY. The arrangement I have with my brother and my son is that they send in the rate every week that they can afford. By what they can afford, they have a publication over there that has about twenty-three or twenty-four thousand net circulation. In this town during certain times of the year sometimes it is up to 35,000, sometimes it is down to 22,000.

Mr. ROBINSON. Which is up?

Mr. KELLY. I beg your pardon?

Mr. ROBINSON. What is up and down?

Mr. KELLY. Scratch sheets. Therefore I couldn't give them a rate and say the rate is \$10,000 and have their circulation drop to the bottom and then get nothing because I would be changing the rate every week. My deal with George Kelly is to pay whatever he can

afford to pay every week and send in as much as he possibly can to Continental.

Mr. GARRETT. I would like to ask about a comparable situation. Are you familiar with how Harmony paid prior to the time they went over to Trans-American?

Mr. GALLAGHER. You mean like in 1944 and 1945 when they were paying Continental Press? Do you know what their rate was, Tom?

Mr. KELLY. No; but I do recall when they quit. I think we were getting a thousand dollars out of them.

Mr. GARRETT. Wasn't it the arrangement there that they would just leave enough money in there to give Simon Partnoy \$125 or \$150 a week and all the rest went to Continental?

Mr. KELLY. That was under Mr. Ragen. He was the manager at that time, and I couldn't tell you what the arrangement was. But I doubt that very much for this reason: That all those distributors had their own offices and had their own business. They were sole distributors.

Mr. GARRETT. Mr. Partnoy testified that he had title to the business and owned it, but he also testified that his arrangement was that he paid just that amount of rent that would leave him with the portion that he was allocated; in other words, \$125 or \$150 a week.

Mr. DEMPSEY. You mean over and above the expenses he incurred he kept that much for himself?

Mr. GALLAGHER. Was their arrangement in Kansas City, that the guy could keep \$7,500 and the rest was supposed to be sent to Continental?

Mr. KELLY. Yes. I believe Mr. Ragen used to get as much money out of an office as he could.

Mr. GALLAGHER. Some places it would be a flat rate and at other places they would retain all expenses that were necessary, an amount that would be near a certain figure, and the balance was to be sent to Continental.

Mr. KELLY. That is right.

Mr. GARRETT. I notice that there still continue to be certain towns up to the present date in which it appears that the same thing might be done. That is, Indianapolis is a big outlet, Capitol City Publishing Co., and there the weekly payments will jump around between figures, \$1,000 one week, \$4,000 the next week, and \$3,000 and \$2,000; whereas in a town like Cleveland, which is a comparable situation in terms of the size of the distributor, there the Empire Service for the last couple of years has gotten a flat \$2,400 a week; what is the difference between those two places?

Mr. KELLY. The only way I can answer that is that one is on a rate that is standard and the other is on a rate that Continental would take so much a year out of that business.

Mr. GARRETT. You mean leave so much a year?

Mr. KELLY. No. They would have an agreement with Mr. Gorman, whoever is in charge in these different towns, and say "Your agreement with us is that you keep \$20,000 and give us the balance." I would say that the reason for the rates probably jumping up and down, you will probably find that at the beginning of the month the rate would be low because he would have to pay his Western Union bill. He couldn't pay Continental the rate they were entitled to. His

Western Union bill might be three or four thousand dollars and we would have to take care of that and then make up with Continental the rest of the week what he owed.

Mr. GALLAGHER. To answer your question, Mr. Garrett, it is my understanding, and I think I am correct—you correct me if I am not; Tom—that some places have an absolute flat rate. It doesn't vary. In other places the distributor buys the news on a basis under an arrangement that was set up—and most all of them date back to the Ragen days—that he would keep himself \$12,000 or \$15,000 or \$20,000, whatever the figure might be that had been arranged, there has been very little variation, and all expenses necessary to the business, and the balance was supposed to go to Continental. You have those two different situations. You will find variations of that as you take up the varied purchasers of the news, distributors.

Mr. DEMPSEY. That was true in the Ragen days and is true today.

Mr. GALLAGHER. The same thing.

Mr. GARRETT. In certain cases that I am familiar with the people that get a flat rate have the reputation of being tough characters or else friends or relatives, whereas those who get a varying rate—

Mr. DEMPSEY. Are you putting AP and UP in the category of tough characters?

Mr. GARRETT. I will make an exception there. They are newspapers.

Mr. GALLAGHER. Armstrong?

Mr. GARRETT. Just take the two things at Kansas City and Chicago. In Chicago Midwest hasn't got any tough characters in it, has it?

Mr. KELLY. No.

Mr. GARRETT. And it pays the fluctuating rate.

Mr. KELLY. I doubt that. I think you will find their rate is around \$4,000, which they have been paying since they got in business.

Mr. GARRETT. I guess Kansas City is a better example. Before this period of competition, there was a fluctuating payment down there. After some very tough characters took it over it was a flat rate. Why didn't Continental go back to a fluctuating rate on these new people?

Mr. GALLAGHER. It is not Continental there. That is General News.

Mr. GARRETT. That is right.

Mr. KELLY. Do they have the same type of service and the same territory?

Mr. GARRETT. Their territory is very much smaller.

Mr. GALLAGHER. Isn't their territory just one drop there? You see under the Partnoy set-up before 1946 that covered several States, six, seven, or eight States. Today it is just a one-drop set-up. That is my understanding.

Mr. KELLY. I think, Mr. Garrett, to clear you up, a fellow who would have a lot of territory is the fellow who probably would have a fluctuating rate. A fellow with a short territory or a city would have a standard rate.

Mr. ROBINSON. Mr. Kelly, why does Continental buy news from Illinois?

Mr. KELLY. The reason for that, sir, is that Continental does not gather their own news any more. In other words, they have no reporters at the race track.

Mr. GALLAGHER. At one time Continental had its own track news, getting news. Either they would have a reporter in the track getting

the news or they would get the news from the outside. Today Continental does not do that and it purchases the news from its different subscribers who in turn have track crews and all to gather that news and then they sell it to Continental.

Mr. ROBINSON. How many tracks does Illinois News buy from?

Mr. GALLAGHER. How many tracks do they cover?

Mr. KELLY. I would say they cover Chicago, probably cover Louisville, probably cover California.

Mr. GALLAGHER. Mr. Robinson, for your information, I think it is fairly generalized with the different distributors where they have to have a track crew and they are not in the track, Continental pays the distributor \$400 a day to get that news. At places where they are in the track I believe that a figure normally around \$150 a day is paid to the track for the privilege of having a telegrapher in there. Is that correct, Mr. Kelly?

Mr. KELLY. That is correct.

Mr. ROBINSON. Who was actually getting the news out of the track for Illinois?

Mr. GALLAGHER. Their own track crews.

Mr. ROBINSON. Who was Pat Burns?

Mr. KELLY. That would be Pat Burns and whoever else they had hired over there.

Mr. GALLAGHER. They would be crewmen.

Mr. ROBINSON. He is actually getting the news out of the track for Continental?

Mr. KELLY. Not for Continental; for Illinois.

Mr. ROBINSON. Isn't it essentially one operation?

Mr. KELLY. No, it isn't. They are different operations.

Mr. GARRETT. Doesn't Continental own the houses and the telescope Illinois uses to get the news out with?

Mr. GALLAGHER. Continental I think still owns some houses which it used itself when it was gathering the news, isn't that correct?

Mr. KELLY. I believe you are right. Continental owns some houses. Eddie McBride I believe owned some houses and maybe the Ragen estate owned some houses where they got the news out.

Mr. GARRETT. The book shows several houses.

Mr. KELLY. Taken over by the Ragen estate.

Mr. GARRETT. They are shown in Eddie McBride's book.

Mr. GALLAGHER. They are still Eddie McBride's.

Mr. KELLY. I think some of those houses were owned under the Ragen estate. I think he bought those houses in the deal from the Ragens.

Mr. ROBINSON. Did Pat Burns use those houses?

Mr. KELLY. They are rented out to different people right now. They get rent from each one of those houses.

Mr. GALLAGHER. Would Continental rent those houses to Illinois News?

Mr. KELLY. No. I think those houses are rented to different individuals. Pat Burns might come up there and work in there.

Mr. ROBINSON. To get the news out for Illinois, which goes to Continental?

Mr. KELLY. That is right.

Mr. ROBINSON. And use Continental's facilities, if necessary.

Mr. KELLY. Continental wouldn't have any facilities in there. It would be Illinois News facilities.

Mr. ROBINSON. Does Pat Burns use the telescopes that get the news?

Mr. KELLY. I couldn't tell you.

Mr. ROBINSON. Doesn't he use the telescopes that belonged to Continental or rent them?

Mr. KELLY. I don't know. To get you straight, Mr. Robinson and Mr. Garrett, the fellow who took charge of all this is Walter Lloyd. He took charge of all the track crews. You are asking me a lot of questions that I don't know the answers to. I could have the answers if he was here. I told you before that that is a different department. I answered everything I could as far as myself personally was concerned, but when you get to track crews and things like that, that is another man's job.

Mr. ROBINSON. Doesn't Continental or McBride hold a \$60,000 chattel mortgage on Illinois?

Mr. KELLY. I think he did. I think that mortgage is chopped down somewhat.

Mr. ROBINSON. To about \$25,000.

Mr. KELLY. Something like that; yes, sir.

Mr. DEMPSEY. That was acquired in the purchase of Continental.

Mr. KELLY. I think that mortgage was made under the Ragen situation when Ragen was alive. I think they bought that mortgage from the estate.

Mr. ROBINSON. Of Ragen?

Mr. DEMPSEY. The assets were transferred in the purchase of Continental.

Mr. KELLY. That is right.

Mr. ROBINSON. Isn't it true that Continental pays Illinois a basic rate of \$400?

Mr. KELLY. That has been the basic rate set by Mr. Lloyd to each one of these people that they buy news from.

Mr. GALLAGHER. Other distributors too, George, like Howard at the Maryland tracks. It is still the same figure of \$400.

Mr. KELLY. Where they buy news, Walter.

Mr. ROBINSON. Why would the rate to Midwest run up to \$10,000 a week? What would be the basis for that figure?

Mr. GALLAGHER. This is after Midwest and General have been formed?

Mr. ROBINSON. Let's assume it is while they are unseparated, the rate varied even while it was unseparated from five to ten thousand dollars a week.

Mr. KELLY. What years are those, Mr. Robinson?

Mr. ROBINSON. That is starting in 1947.

Mr. GALLAGHER. That is when it was Midwest and then became Midwest Illinois before it went back to Midwest and General News.

Mr. KELLY. What time of year was it?

Mr. ROBINSON. Let's take October 1947. Midwest's rate one week is \$7,000, the next week it is \$7,000, and the next week it is \$10,000. Then it goes on for two more weeks at \$10,000, and then on November 5 it drops to \$5,000.

Mr. KELLY. That is where they paid their Western Union bills, just like I told Mr. Garrett. You see, the first of the month they have a

Western Union bill due and they take it out there and then they make up for it later on.

Mr. GALLAGHER. The out-of-State line alone probably costs two-thousand-odd dollars a week for wire charges. That is two-thousand-odd right there.

Mr. ROBINSON. The next week it drops down for a couple of weeks to \$2,000, and then it goes to five, and then it comes down to three. Then it goes to six. Then it drops down to one. One week after that it goes back to ten thousand.

Mr. DEMPSEY. This is Midwest's arrangement with Illinois, isn't it?

Mr. KELLY. That is right.

Mr. DEMPSEY. Do you know the answers to those questions?

Mr. KELLY. No, I don't know, to tell the God's honest truth. I am trying to rack my memory and if anything comes back to me I will interrupt and tell Mr. Robinson.

Mr. ROBINSON. All this period of time the rate to R. & H. remained constant at \$750 a week.

Mr. KELLY. This is after Ragen's death and this is after Trans-American went out of business, is that right?

Mr. ROBINSON. That is right.

Mr. KELLY. Isn't that the answer, that they probably got more business in the town?

Mr. GARRETT. According to their statement, Midwest have more than twice as many books as R. & H. and pay relatively quite a bit more.

Mr. KELLY. Mr. Garrett, when you talk about books, the only thing I know the rate that was set with the Illinois Sport News was given them \$700 or \$800 or \$750 I believe you told me, for a magazine or for a publication that they wanted it for. I believe Mr. Robinson says that R. & H. came in the picture then about 3 or 4 months after that.

Mr. DEMPSEY. No.

Mr. KELLY. Yes.

Mr. DEMPSEY. After Trans-American folded, a deal was made with R. & H. or this sport daily. That is the first time Illinois dealt with R. & H.

Mr. GALLAGHER. Four months after that.

Mr. DEMPSEY. The rate after that time has been uniformly \$750.

Mr. KELLY. We gave them that rate and that is where it stood. I tell you the God's honest truth, if my brother called me tomorrow and wanted to raise the rate on Hymie Levin or any of the rest of them I would say "Leave the rate where it is." I would actually tell him that.

Mr. GALLAGHER. Why would you tell him that?

Mr. KELLY. Past performance is the only thing.

Mr. ROBINSON. What do you mean by past performance?

Mr. KELLY. If you were interested in your brother and not seeing that him or anybody else were getting into trouble, if you found out that somebody else was getting news from them that was a shady character, I wouldn't recommend that he start a fight with Hymie Levin or anybody else.

Mr. ROBINSON. But you have no feeling in that respect so far as Midwest is concerned.

Mr. KELLY. I wouldn't cut Midwest off, either, sir. I wouldn't cut anybody off.

Mr. ROBINSON. No. I didn't mean cut them off.

Mr. KELLY. I tell you, during that case that we had in California that cost us two or three hundred thousand dollars, we went through hell with that thing, and right today if you cut one of our distributors off, all he has to do is call the next distributor and he will get that news and pay us nothing. We will be out on a limb. We won't get 5 cents for it.

Mr. GARRETT. You could charge the distributor selling to him more.

Mr. KELLY. If we found out about it, sir.

Mr. GARRETT. You could find out about it, couldn't you?

Mr. KELLY. No. I will give you an illustration of that. Under the Ragen system and Annenberg system, which Mr. Robinson should be familiar with from the Annenberg case, if the service came in this room here they would put a loudspeaker on that service. They would take this telephone off here and put it in front of that loudspeaker. That would go to wherever you would dial this telephone to. In that location they could have 30 telephones, and that would go over those 30 telephones.

Mr. GARRETT. You could catch them doing that, couldn't you?

Mr. KELLY. It would be very, very hard. It would take a long, long time.

Mr. ROBINSON. Look, Mr. Kelly. Speaking about talking to your brother, calling your brother, will you call your brother up and tell him, "Look, Midwest is paying four, five, six, or eight thousand dollars a year for this service. Why the heck don't you charge R. & H. three or four or five thousand dollars a week for this service?" Why don't you do that?

Mr. KELLY. I would first in my own mind take into consideration the business. I would cut nobody off. I would fight with nobody. In fact—

Mr. ROBINSON. I am not talking about cutting anyone off at all.

Mr. KELLY. Mr. Robinson, please let me explain it my way and then we can get back to your question. In Continental Press since I have been general manager, I have tried to maintain the policy to cut nobody off, to have no fights with anybody, regardless of who they are, because Continental Press can't afford a fight because they can't win one. It is very, very easy to get Continental Press' service—very, very easy. The Midwest News right today can sell Continental news service to anybody they want in the country, and nobody can stop them. All they have to do is to get a telephone and call them in. There is only one way that the United States Government can stop Continental or the wire service, and that is to close the race tracks. When I say that, I say this: With the race tracks open, that service is going to come out of there by Tom Kelly, the Continental Press, or some other people that are going to find it profitable. If Continental went out of business tomorrow you would find that there would be a different element in the same business.

Mr. ROBINSON. Isn't this essentially the thing, just being perfectly frank about it? The only reason why your brother wouldn't tamper with the rate R. & H. pays to Illinois is because of the char-

acters he knows are in back of R. & H.? Isn't that essentially the situation?

Mr. KELLY. That would be a sensible situation or argument to put up. I would say if my brother called me and I knew these people were getting the service I would never in God's world tell him to raise their rate. After all, I have a family.

Mr. ROBINSON. That is obvious.

Mr. KELLY. I am being frank.

Mr. ROBINSON. I know you are.

Mr. KELLY. I am being frank. I will tell you, Mr. Robinson, I like my family as well as anybody in the world. I wouldn't want to put them in the spot for anything to happen to them or anybody else in our organization. I would not do that.

Mr. ROBINSON. You certainly don't feel that way toward the people who are in Midwest.

Mr. KELLY. I would feel the same way with Midwest. I wouldn't want them to cut Midwest off; no sir.

Mr. ROBINSON. You don't feel the same way toward the people in Midwest that you would feel toward R. & H. You know the people in Midwest. You have just stated what fine people they are.

Mr. KELLY. I know them. I have heard about the other people. I have never met the people in the other business. If Mr. Halley would say to me, "I will give you \$10,000 to pick out Hymie Levin," I couldn't do it.

Mr. HALLEY. May I interrupt at this point. I think that I will head off. I understand that Mr. Garrett wanted to ask a lot of questions, and I suspect Mr. Robinson hasn't even begun. I would like to spend about 10 minutes with you two folks. Maybe you could take a short intermission. Could you carry on for another couple of hours?

Mr. KELLY. I would like to get out of here and close this thing as soon as I can if possible. I am getting to a stage where I don't know what the hell I am talking about. I am trying to answer for everybody. I am trying to answer for the wire men. I told you that was out of my line, where there is a man for the wire business.

Mr. HALLEY. There are two things that have to be arranged. One if for you to sit down I think with your counsel and think it over and figure out the details on which your own memory is a little in need of refreshing, and so forth. The second is to get in the witnesses who can give more specific testimony on more specific points. They include some of your employees, the wire men. They include the Illinois people; they include the Midwest people, and certain other people that we have to get in who can testify specifically on what is going on.

(Brief recess.)

Mr. GARRETT. There is one thing I would like to get back into, the Chicago situation. You say that the first time Trans-American hit you was when Kansas City switched over. When did you quit getting any appreciable amount of money out of Chicago?

Mr. KELLY. When did we start getting any amount of money out of Chicago?

Mr. GARRETT. When did you stop getting any appreciable amount of money out of the Chicago area?

Mr. KELLY. I don't think we ever stopped getting money out of Chicago.

Mr. GARRETT. I mean over \$200 to \$500 a week.

Mr. GALLAGHER. We are now talking about the Ragen days?

Mr. GARRETT. I would like to ask the question again. When was it that you ceased getting amounts in excess of \$500 a week out of Chicago?

Mr. KELLY. That I couldn't answer. I don't know how much money we got out of Chicago unless I saw the books, and the books would show. I wouldn't know. I don't keep those figures. The figures are all in Cleveland.

Mr. GARRETT. During this competitive period, what was the situation in Chicago?

Mr. KELLY. During the competitive time in Chicago, there wasn't much activity around there at all that I can remember, because the publicity and everything went to heck around there.

Mr. GARRETT. Did Midwest continue to get news from Continental?

Mr. KELLY. Did Midwest continue to get news from Continental? They never got news from Continental, I believe.

Mr. GARRETT. Did it continue to get news from Illinois?

Mr. KELLY. Midwest continued to get Illinois from what period?

Mr. GARRETT. During the last half of 1946 and the first half of 1947.

Mr. KELLY. The last of 1946, the Illinois News was in business. I believe they went in business the early part of 1945 and the early part of 1946.

Mr. GARRETT. What was wrong with their business? Why couldn't you get any money out of them?

Mr. KELLY. That I don't know. You will have to ask the people here. There was no money around here, I guess. I don't know whether we did get any money or not. I don't know for sure.

Mr. GARRETT. According to the statement of a man who worked as accountant for Trans-American, Trans-American was financed to a certain extent by Midwest. Do you know anything about that?

Mr. KELLY. Trans-American was financed by Midwest? That is impossible.

Mr. GARRETT. Impossible?

Mr. ROBINSON. You don't think there was any connection whatsoever between Midwest and Trans-American?

Mr. KELLY. They could be fighting one another and still one would finance the other?

Mr. GARRETT. Did Midwest become a Trans-American subsidiary?

Mr. KELLY. Midwest News?

Mr. GARRETT. Yes.

Mr. KELLY. Midwest News was always a subsidiary of the Illinois News Association.

Mr. GARRETT. During this period did Midwest ever get its news free, so far as you know?

Mr. KELLY. Did Midwest ever get its news free?

Mr. GARRETT. That might explain this business.

Mr. KELLY. No.

Mr. GARRETT. Did St. Louis get its news free during the first half of 1947?

Mr. KELLY. That I don't remember. No, sir. I doubt it, though. I don't think there was anybody got any news free from——

Mr. GALLAGHER. You did cut rates with a lot of them, though, to meet the other competition, if Ragen said cut the rates?

Mr. KELLY. Arthur said cut the rates.

Mr. GARRETT. You cut the rates principally in towns where there was a Trans-American competitor?

Mr. KELLY. All over. If you didn't cut them all over, a distributor would call you, and he was trying to get the best deal he could.

Mr. GARRETT. In St. Louis, I looked over the books, which ran from the first of 1947 on, and they showed that a thousand dollars a week was coming in from Pioneer News Service to Continental up until February of 1947, and then until August of 1947 there were no payments. Since August 1947 they have sent \$500 a week. There is a story about that somewhere there that you must have been quite familiar with. Will you tell us what that was?

Mr. KELLY. What period was that, sir?

Mr. GARRETT. From February 1947 to August 1947, they dropped out completely and paid nothing.

Mr. KELLY. From February 1947—Ragen owned the business at that time. That is when Mr. Brown went in business for himself, I believe.

Mr. GARRETT. Who set these rates? Who decided when people should get news for very little or nothing, and when they should pay more? Who did that in 1947?

Mr. KELLY. Is this a different question than the other question that you asked me, about why they didn't send in any money from St. Louis?

Mr. DEMPSEY. I think you said yesterday you were in the situation there of having a customer and no business in St. Louis.

Mr. KELLY. We had Gully Owen, but if Mr. Brown and Mr. Owen split apart, we still have the wire there and had Gully Owen for a customer. If Gully didn't pay us anything, which I doubt very much—he must have sent in some money for the wire, but there was an argument there where one partner left the other partner. From what I understood at that time, he took the biggest part of the business with him.

Mr. GARRETT. Who sets the rates now?

Mr. KELLY. I will do everything. I am general manager of Continental Press. But the rates haven't been changed.

Wait a minute. Let me correct myself, sir, so you will understand it. The rates today are not the same as they were a year ago. The rates today are probably lower than they were a year ago.

Does that answer your question?

Mr. DEMPSEY. No. The question is, who sets them?

Mr. KELLY. Who sets the rates? I do.

Mr. GALLAGHER. Who set the rate with Pioneer when they started paying, in August of 1947, \$500 a week, and have been paying \$500 since, whereas the record apparently reflects that they used to pay \$1,000? Who set the rate of \$500 for Pioneer? You, in August of 1947?

Mr. KELLY. In August 1947?

Mr. GALLAGHER. You were the general manager at that time. Eddie McBride owned the business.

Mr. KELLY. I would set the rate if it was in that period. I would set the rate.

Mr. GALLAGHER. Do you remember giving Pioneer News a \$500 rate, which is their rate now, which has been their rate since then?

Mr. KELLY. I know that they are paying \$500. I don't remember setting the rate with them.

Mr. GARRETT. You don't know any reason why, after this period when Trans-American was in business, Pioneer should emerge with the lower rate?

Mr. KELLY. I would say the answer to that, Mr. Garrett, would be that we weren't getting a heck of a lot of money out of there for a period before that, so I gave them a rate of \$500, if that is the story. That would be my observation of it, right this day, but I don't recall.

Mr. GALLAGHER. But nobody else would have set the rate in August of 1947?

Mr. KELLY. No.

Mr. GALLAGHER. You must have set that rate, then, is that right?

Mr. KELLY. If the rate is \$500 today and it was changed on that day and I was general manager, I would have set the rate.

Mr. GARRETT. Getting back to the Chicago situation, Chicago is a \$5,000- to \$10,000-a-week town. I can't understand why you wouldn't be more familiar with what would have made it a \$200-a-week town for a period that extended into 1947 when you were around town here.

Mr. KELLY. I don't know what the answer to that question would be, because I actually don't understand it. Why the rate here should not be more?

Mr. GARRETT. You have a business here which sells news, and selling news in the Chicago area is one of the best deals you have. It makes more money for the company than any other town, I believe. When it drops down to practically nothing, it seems to me you would be familiar with the whole story about why it dropped down to nothing.

Mr. DEMPSEY. Is that during the period of Trans-American's operation?

Mr. GALLAGHER. In the period 1946-47, when Trans-American was operating, and very little was coming out of Illinois News, was that because they were getting very little in because, in turn, Trans-American was in competition?

Mr. KELLY. That is right. There was competition around there, certainly. They were spending all the money that they took in, trying to keep their business.

Mr. GARRETT. Was R. & H. making a lot of progress against Midwest to your knowledge? Was it taking their customers away from them?

Mr. GALLAGHER. Trans-American, you mean?

Mr. GARRETT. Who was taking Midwest's customers away from them?

Mr. KELLY. Who would be taking Midwest's News customers away from them?

Mr. GARRETT. Yes.

Mr. KELLY. If it was the opposition in town, it would be Hymie Levin, wouldn't it?

Mr. GARRETT. I think so, but don't you know?

Mr. KELLY. I imagine that is who it would be. What year are you talking about now, sir?

Mr. GALLAGHER. The same period, 1946 and 1947, when Trans-American—

Mr. KELLY. In 1946, part of it was Ragen and part of it was mine. Ragen died in June 1946, got shot in June 1946. So I don't know too much about it before I got to be general manager. That, I can only answer since I have been general manager. If you ask me from the period when Eddie McBride bought the business, then I can tell you; but if you go back beyond that, then it is a Mr. Ragen deal and I can't tell you.

Mr. GARRETT. All right, then. When Mr. McBride bought the business, what was the trouble in Chicago? Who was taking away Midwest's customers?

Mr. KELLY. When Mr. McBride bought the business, that is, after April 1947, I think you will find, sir, that all the payrolls—we were loaded with help around here to fight the local people, whatever the fight was about, and they were just overloaded, the payrolls were overloaded with help. That is probably the only answer.

Mr. GARRETT. What do you mean by help to fight the local people? To protect your outlets?

Mr. KELLY. To protect the outlets?

Mr. GARRETT. To protect the people who bought from you?

Mr. KELLY. No, we never protected anybody who bought the News, but I think the best example on that, I believe, would be that probably the town was in bad shape. I don't think there were many subscribers around.

Mr. GARRETT. If you hired more people, you must have had to hire them for some reason.

Mr. KELLY. Couldn't it be possible, Mr. Garrett, that after Mr. Ragen got killed, the town closed up? There were no books in town.

Mr. GARRETT. That is possible; yes. I should think you would know.

Mr. KELLY. That may be the answer. Mr. Garrett, you are asking me this, please remember: You are asking me something that Continental has nothing to do with in Chicago.

Mr. GARRETT. It affected Continental so vitally, I thought you would know.

Mr. KELLY. I couldn't answer that truthfully, you understand.

Mr. DEMPSEY. Wouldn't the Illinois books which you have show you what their position was during that period. Mr. Garrett; their ability to pay?

Mr. GARRETT. Off the record.

(Discussion off the record.)

Mr. ROBINSON. One thing I wanted to try to get straight is the basis upon which Continental sets its rates to its subscribers. Is there any particular basis for the establishment of a rate to a particular subscriber?

Mr. KELLY. Well, when Mr. Ragen was alive, Mr. Ragen used to send around—he would call the customers on the telephone and ask them how their business was, and he would set the rate himself, whatever he thought the territory was worth, because, after all, he was in this business for a period—he came over in 1927, he came over to

the News Bureau in 1927. So he knew what every territory was worth, and he would set the rate.

Mr. ROBINSON. How would he know what it was worth? Apparently what it was worth had something to do with the establishment of the rate.

Mr. DEMPSEY. Will you go off the record for a second?

(Discussion off the record.)

Mr. DEMPSEY. With respect to the rates Continental has with its various distributors, some of the distributors are on a flat rate and pay a uniform amount per week. Others are on a basis on which they pay the Continental all they take in over and above their expenses and an agreed-on amount that they are to keep their own services. Those amounts vary with different distributors. In some cases, instead of being a fixed amount in dollars, it would be a percentage of the net that they would retain, and the remainder would go to Continental.

The individual deals were for the most part made by Mr. Ragen, and represent, presumably, the best deal he could work out with the distributor in that territory in order to get the greatest amount of money for Continental Press. To the extent possible, that has been the policy ever since, but there is no such thing as a uniform rate policy on which the rate for any given individual could be determined tomorrow if a new distributor came along. It would be a question of working out the best deal possible.

Mr. ROBINSON. When you speak of working out the best deal possible, would the best deal possible depend upon the amount of business that that particular distributor can do in that particular area?

Mr. DEMPSEY. To take a hypothetical illustration, it might be that you could get a man who would take it on for \$10,000 over and above his expenses and be able to operate with, say—again I am picking a figure out of the air—\$20,000 in expenses. With someone else, he might be able to spend \$30,000 for expenses, and want 20, but he would be able to do twice as much business, so the remaining amount would be greater.

The best deal possible means the deal that would produce the most money possible for Continental. If you want to ask about the individual deals that exist with each distributor, that will answer the question of what the best deal Continental was able to make for that territory was, very concretely.

Mr. ROBINSON. Are those deals or arrangements oral or written?

Mr. DEMPSEY. Oral.

Mr. ROBINSON. They are all oral, and made by Mr. Ragen?

Mr. GALLAGHER. Carried through by Mr. Kelly with some adjustments.

Mr. ROBINSON. What would be the basis for a modification?

Mr. KELLY. The race tracks being not as much business in your territory.

Mr. ROBINSON. Isn't it a fact that the distributors' customers have dropped off?

Mr. KELLY. That is possible.

Mr. ROBINSON. I want to ask you whether or not this is essentially true. He stated Continental got the news from the race track and disseminated it to distributors, such as Midwest. Ragen was then asked if Continental serviced them on the basis of how much news

they distributed in that particular area, and he replied, "No," that Continental charged them a flat rate regardless of whether they had a thousand or a hundred customers; but if they did extra well, they would raise the rate on them and if they did extra bad, Continental would cut the rate; it was very much arbitrary in different areas and sections depending on the business done by Continental's customers, that Continental had no written contract with Midwest.

Mr. KELLY. That is right, sir.

Mr. GALLAGHER. What Mr. Kelly tried to do to maintain what Mr. Ragen did, was to estimate as to a particular territory, that they ought to get about \$1,000 a week out of it even though it isn't a flat rate; and when a man may jump from one to two thousand by the end of the year he may have gotten \$100,000 or \$200,000 in that territory. It might vary some, weekly. Whereas in another case it might be a flat \$2,400 with no variation. The reason it is varying is that the fellow might be doing more business in 1 month than another because more people interested in the news. But he himself, until that would be adjusted with him, probably would be retaining for himself all expenses and perhaps 12 or 15 thousand dollars or perhaps \$18,000 for himself. That is why there would be some variation as he is trying to send on the rest keeping for himself all necessary expenses and making sure he has for himself his own 15 or 18.

Mr. ROBINSON. But the point is that the rate that Continental got did depend to a considerable extent on the number of customers.

Mr. GALLAGHER. The number of customers the distributor has definitely. That might not depend on the number of customers because he might be charging some customers more than others. So it would depend on the amount of money he made rather than calling it the number of customers he had.

Mr. ROBINSON. We will put it on the basis of the amount of money that the customers paid.

Mr. GALLAGHER. The amount of money he took in, the amount of money the distributor took in, is that right?

Mr. GARRETT. To take an example, there was some special story in San Francisco: During 1947, including the period when you were general manager, the books show that the rate used to be one of the fluctuating ones, and the income would jump around 1,700, 1,900, 600, 2,500, and some time between then and now it went down to the level of 500. Do you recall why you changed the system out there?

Mr. KELLY. Continental Press went out of there with their wire. That is the reason that rate is so low. At that time they probably had to get it on the telephone. Their expenses were eaten up by the telephone calls.

Mr. GALLAGHER. Neither Continental nor any of its distributors have had a wire into San Francisco or into any part of California since February 1949.

Mr. GARRETT. But they are getting money from California; is that correct?

Mr. GALLAGHER. Not now.

Mr. KELLY. Not today, no; not this year.

Mr. GARRETT. Not in 1950?

Mr. KELLY. I don't believe so. If they get it it was from back——

Mr. GALLAGHER. Or it could be money that would be going into General News or into Illinois News, couldn't it be?

Mr. GARRETT. Who furnishes the money that is listed under Tijuana?

Mr. KELLY. That is the Tijuana race track.

Mr. GARRETT. Is there a subscriber down there?

Mr. KELLY. Yes, sir.

Mr. GARRETT. The money comes from Tijuana?

Mr. KELLY. That is right.

Mr. GARRETT. What does that other Mexican outlet down there, Mexicali, do? What is that?

Mr. KELLY. Mexicali? There is a drop in Mexicali using our wire?

Mr. GARRETT. From the file I have a letter here, a copy of which I will show you.

Mr. KELLY. Will you look at it, Mr. Dempsey? I haven't my glasses on.

(Mr. Dempsey read the letter.)

Mr. GARRETT. I would like to identify this letter that was just read to Mr. Kelly as dated July 13, 1949, a letter from J. M. Lebit, to the Commissioner of Internal Revenue.

You go ahead and explain what that subscriber is.

Mr. KELLY. I would have to find out about that, sir. That is something I would have to give you an answer later on about, if I possibly could.

(Letter referred to was identified as exhibit No. 39, and is on file with the committee.)

Mr. ROBINSON. Is there a track at Mexicali?

Mr. KELLY. I don't know what is there. I couldn't tell you. I don't recall what that is. I would have to find out.

Mr. ROBINSON. Where does Mr. Brophy get his news?

Mr. KELLY. Right today I couldn't tell you, sir. I don't know where he gets his news.

Mr. ROBINSON. Would you know whether he got his news from Mexico?

Mr. KELLY. He did get it at one time from Mexico. I don't know whether he is still getting it.

Mr. ROBINSON. By radio?

Mr. GALLAGHER. That is what he testified before the Commerce Committee.

Mr. KELLY. I believe he did testify he was getting it from Mexico.

Mr. GALLAGHER. Did he get it from one of the radio stations in Tijuana?

Mr. KELLY. I couldn't tell you, Walter, which radio station he got it from. I know he did get it.

Mr. ROBINSON. Do you know whether or not he gets it from tracks all over the country?

Mr. KELLY. I don't believe so. I imagine Brophy calls in and gets the service from somebody. That would be my guess.

Mr. GALLAGHER. Does Brophy pay Continental Press anything?

Mr. KELLY. No; Brophy hasn't paid Continental Press anything for the last—I would have to look at the book to find out, but I imagine it is quite a while.

Mr. ROBINSON. You don't know whether you have any subscriber in Mexicali?

Mr. KELLY. No; I would have to check that, sir. I don't know whether we have a subscriber there or not.

Mr. ROBINSON. Do you have a subscriber in Yuma, Ariz.?

Mr. KELLY. Yuma, Ariz.—I doubt it. I doubt it very much, sir. I doubt it although I don't know for sure.

Mr. GALLAGHER. You know there is no Continental distributor in Yuma, Ariz., is that right?

Mr. KELLY. No, there isn't.

Mr. ROBINSON. Do you have a leased wire to Yuma, Ariz.?

Mr. KELLY. No, we don't, sir. I don't know. You are asking me a wire question again that I don't know. Please excuse my ignorance on that.

Mr. DEMPSEY. Do you have a copy of the commerce committee testimony? All the subscribers of Continental are described in that in detail. That would answer the question on Mexicali and Yuma for you.

Mr. GALLAGHER. Mexicali was not listed as a distributor of Continental in the commerce hearings. As a matter of fact, this is the first I ever heard of Mexicali. That might be a drop put on the Continental wire at the request of one of Continental's distributors, which is done sometimes.

Mr. KELLY. That could be possible. That distributor or that customer—

Mr. GALLAGHER. Although it could be a drop off the Morse wire of Continental, the drop being put on at the request of a Continental distributor, but no payment would go to Continental. The payment would go from that drop to that distributor who had requested putting a drop off the wire at such and such a spot. Is that correct, Mr. Kelly?

Mr. KELLY. That is correct.

Mr. ROBINSON. You don't know who the distributor would be?

Mr. KELLY. No, but I can find out for you. You will have the right answer on that. You will have the right answer on that, Mr. Robinson.

(Discussion off the record.)

Mr. GARRETT. Do you know why the subscribers like United Press and AP don't have to pay the wire tax, whereas the rest of your customers do?

Mr. GALLAGHER. That is the law. That is the provision in the thing. If they are a recognized newspaper, they apply for an exemption and they are exempted from the tax.

Mr. GARRETT. The other subscribers apparently aren't recognized newspapers.

Mr. GALLAGHER. Not recognized newspapers. They have a legitimate periodical under all State law wherever they are published, though. I think, as a matter of fact, the language in the code is "recognized newspaper association," rather than newspaper, press associations. I think that is what the language is.

Mr. GARRETT. Do you know what work the Arvey firm here in town did for Continental wire service during the last years that Mr. Ragen was running it?

Mr. KELLY. No, I do not.

Mr. GALLAGHER. Arvey's firm? What was the name of his firm? Do your records reflect they were paid money by Continental, Mr. Garrett?

Mr. GARRETT. The income-tax records.

Mr. GALLAGHER. Do you know about it, Tom?

Mr. KELLY. Yes; Ragen had them on a Continental retainer. He used them a long time.

Mr. GARRETT. What sort of work did Mr. Arvey do?

Mr. KELLY. I couldn't answer that. That was before my time. That gets back to Mr. Ragen again.

Mr. GARRETT. Do you know how Mr. Ragen would approach the Federal Bureau of Investigation through—who he dealt with them through?

Mr. KELLY. No; I don't. I don't recall their names. In fact, that was a very secret organization, as far as Mr. Ragen was concerned.

Mr. GARRETT. Do you know whether Mr. Ragen, through Mr. McMahon, dealt with the FBI for Continental Press Service?

Mr. GALLAGHER. I can answer that and I can say quite positively I am certain he didn't. As a matter of fact, I know positively he didn't because Brien McMahon at that time was in the United States Senate, and as far as the FBI—this is now 1946, 1947—getting into the picture, I can say for myself that I had nothing to do with the FBI going into it. That was handled solely by Mr. Ragen and anybody else he might have contacted, but I can assure you it was neither McMahon nor Gallagher.

Mr. DEMPSEY. I imagine the FBI records would show, if you asked them.

Mr. GARRETT. Do you know what work Mr. Thomas Nash did for Continental?

Mr. KELLY. In what years is this?

Mr. GARRETT. 1946 or 1947.

Mr. KELLY. I know Mr. Nash did do some work for Continental back during the time that we were having trouble getting in the race tracks here. I know he helped us get in the race tracks. He was trying to help us get in the race tracks. There was some talk just like Mr. Halley says. "Why don't you incorporate?" That was always taken up with Mr. Nash, too, about incorporation, making a corporation out of this thing and cutting down the tax, which was about 39 percent.

Mr. GARRETT. Did he do any work negotiating with the authorities in Cicero?

Mr. KELLY. No; none whatsoever that I know about.

Mr. GARRETT. Are you acquainted with Mr. F. King, who is on the list of employees working down in Florida?

Mr. KELLY. Mr. F. King.

Mr. GALLAGHER. F. King.

Mr. KELLY. The name is not familiar to me.

Mr. GARRETT. He is listed as working at the Grand Hotel, Miami Beach, Fla., as road man and supervisor.

Mr. GALLAGHER. For whom?

Mr. GARRETT. For Continental Press.

Mr. KELLY. I don't recall such name at all.

Mr. GARRETT. Do you know what he does?

Mr. KELLY. I don't recall his name.

Mr. GARRETT. What would a road man and supervisor be?

Mr. KELLY. A road man and supervisor would go around and check the offices and see how the service was coming in or if they needed three tracks or six tracks or eight tracks, whatever tracks they wanted.

Mr. GARRETT. Do you know Mr. L. Stanley Kahn?

Mr. KELLY. Yes, sir, very well.

Mr. GARRETT. What does he do for Continental?

Mr. KELLY. Mr. Kahn has been eastern representative of Continental since it was born.

Mr. GARRETT. Exactly what does that involve?

Mr. KELLY. That involves the eastern territory.

Mr. GARRETT. But what does he do when he gets up in the morning?

Mr. KELLY. He is practically a holdover from the other organization, that is from Ragen. He has never been bothered since then.

Mr. GARRETT. In other words, he doesn't do any work.

Mr. KELLY. He has an office there and anything that is around New York that Continental has, he will do it.

Mr. GARRETT. For example, what would they have around New York that he would do?

Mr. KELLY. There is an office in New York. We have somebody there in case anything comes up in the office.

Mr. GARRETT. That is quite a bit to pay for somebody to sit in an office.

Mr. KELLY. He has been getting that ever since he has been with the organization. That was a Ragen deal. I didn't make that deal.

Mr. GARRETT. You could fire him and get rid of that expense.

Mr. KELLY. We could probably fire a lot of people, but then you fire people who know this business and meet competition.

Mr. GARRETT. Is that the reason you keep him on the payroll, to avoid the possibility of competition?

Mr. KELLY. No, he has just been there.

Mr. GALLAGHER. From what I understand, isn't Stanley Kahn an expert in the wire business? Doesn't he know this business for years back?

Mr. KELLY. He knows this business frontwards and backwards.

Mr. GALLAGHER. Is he also supposed to watch out for Continental's relations with the press and all in New York?

Mr. KELLY. He does that. Any work that Continental would have in New York he would take care of.

Mr. GALLAGHER. Would he try to tone down any stories that you don't like in the paper for Continental or something? Is he supposed to be watching any of that stuff that comes up?

Mr. KELLY. Yes, he watches all that stuff. He would call you 20 times a day if you would let him and happened to be in the office and would talk to him.

Mr. GARRETT. Does he deal with relations with political figures in New York and the eastern seaboard?

Mr. KELLY. Kahn is always a fellow who has a box at the race track. He would invite, if he could, President Truman out there and have him sit in his box. He is, would you say, a fellow who likes to be in good company.

Mr. GALLAGHER. He is a good-will ambassador.

Mr. KELLY. That is right, he is a very good-will ambassador.

Mr. ROBINSON. As I recall it, that is precisely the definition of the job he gave in 1939 at which time he was receiving \$80,000 a year.

Mr. KELLY. Who was receiving \$80,000 a year?

Mr. ROBINSON. L. Stanley Kahn.

Mr. DEMPSEY. That was Annenberg.

Mr. ROBINSON. 1939, prior thereto.

Mr. GALLAGHER. How did he describe himself?

Mr. KELLY. I don't know what he did with Annenberg.

Mr. ROBINSON. That was his description of the job.

Mr. GALLAGHER. Was what?

Mr. ROBINSON. With Annenberg. As a good-will ambassador.

Mr. GALLAGHER. I can assure you there is no connection between my use of the expression and his stating it.

Mr. ROBINSON. Do you know how long Mr. Kahn was with the Annenberg organization?

Mr. KELLY. I think he was related to Annenberg. I think he was married to one of the daughters.

Mr. ROBINSON. Do you know what became of him after his divorce from the Annenberg daughter?

Mr. KELLY. You mean what business he went in or something?

Mr. ROBINSON. That is right.

Mr. KELLY. No, sir; I don't. I didn't follow it that close.

Mr. ROBINSON. Do you know whether or not he came back with the Annenberg organization?

Mr. KELLY. No, I do not.

Mr. GALLAGHER. The Triangle publications?

Mr. KELLY. I don't know.

Mr. ROBINSON. You don't know whether he came back with the Annenberg organization at the time the Justice Department was investigating the Annenberg organization?

Mr. GALLAGHER. Talking now back in 1939, sir?

Mr. KELLY. I never knew he was out of the organization, to tell you the truth.

Mr. ROBINSON. Mr. Kahn formerly had a seat on the New York Stock Exchange.

Mr. KELLY. That I wouldn't know either, sir. I know he was very friendly with Ragen, and Ragen always took care of him. He had some value to Ragen when Ragen was with Continental Press. There is no reason why I should remove him and take all the value of the man out of the organization, as long as we can afford to pay him.

Mr. ROBINSON. Do you know whether L. Stanley Kahn was on the payroll of the Ragen organization while he was a lieutenant colonel in the Air Force?

Mr. KELLY. No; I don't know about that, but if it is Continental Press you are talking about he was on Continental Press' payroll all during the time he was in the Army.

Mr. ROBINSON. What pay did he receive at that time?

Mr. KELLY. I don't know. You will have to check the books. I imagine he got paid his full pay.

Mr. ROBINSON. You don't know what salary he was receiving at the time he was in the service?

Mr. KELLY. No; I don't know exactly. I don't imagine that it changed any. I think they kept him on the same amount that he is getting now.

Mr. ROBINSON. Do you know what L. Stanley Kahn's relations were with Gen. Bennett Meyers?

Mr. KELLY. I never heard of them.

Mr. ROBINSON. Couldn't we be a little more specific about the particular function and duties of Stanley Kahn in New York? Just what specifically does he do? Let's put it this way: What jobs do you know that he has done for Continental that have been beneficial to Continental?

Mr. KELLY. I don't remember anything specifically that he has done outstanding since I have been general manager, outside of having an office there. I believe I have been there three or four times, and went in his office. We use his office to meet certain people there.

Mr. ROBINSON. Who is your distributor in New York?

Mr. KELLY. We have no distributor in New York City. We have one in Jersey.

Mr. ROBINSON. Who is that?

Mr. KELLY. It is a partnership over there.

Mr. ROBINSON. Who are the partners?

Mr. KELLY. The partnership is—it is the Metro-Globe.

Mr. ROBINSON. What is L. Stanley Kahn's relationship to them?

Mr. KELLY. None whatsoever. He has nothing to do with them.

Mr. ROBINSON. Does Metro-Globe sell and distribute in New York State?

Mr. KELLY. They are in Jersey and lower New York. They are around New York. They had news in Jersey. Their territory is Jersey and around Manhattan and the Bronx and Brooklyn. Yes, sir; that is their territory.

Mr. ROBINSON. Who has the up-State New York distributorship?

Mr. KELLY. Genesee Publishing Co.

Mr. ROBINSON. What other distributorship is there in up-State New York?

Mr. KELLY. That is the only one.

Mr. ROBINSON. The Empire State News—

Mr. KELLY. That is owned by Genesee, I believe. The same fellow owns Genesee. The Empire is managed by the fellow by the name of Mr. Maloney; a Maloney works for the Genesee.

Mr. ROBINSON. Has Maloney been in the organization for a long time?

Mr. KELLY. Mr. Maloney has been in the organization, and if ever there was a fellow you could give a recommendation to, he is him; the greatest man I ever met.

Mr. ROBINSON. What is Kahn's relationships with Maloney?

Mr. KELLY. None whatsoever.

Mr. ROBINSON. Has he had any business dealings with him?

Mr. KELLY. No.

Mr. ROBINSON. As an official of Continental?

Mr. KELLY. None whatsoever. I don't think that Maloney has met Kahn in the last 3 years.

Mr. ROBINSON. Can we get some more specific instances on what L. Stanley Kahn does for Continental?

Mr. GALLAGHER. I don't think Stanley Kahn does much of anything.

Mr. KELLY. To tell you the truth, he just got married. He just came back from Europe.

Mr. ROBINSON. Does he do anything, Mr. Kelly?

Mr. KELLY. He hasn't done anything in the last year that I know of. Where I have called him and asked him to do anything.

Mr. ROBINSON. What specifically would you call him and ask him to do?

Mr. KELLY. If our office in New York was bothered by—right now they have an investigation. If something happened where some police officers would come up in our office and ask them what they are doing here or there, we have Stanley Kahn there to represent us, the Continental office.

Mr. ROBINSON. You mean come up in what office, the police officers come up to what office?

Mr. KELLY. The Continental office in New York.

Mr. ROBINSON. Where Kahn is?

Mr. KELLY. No. Kahn is not in the Continental. You have two offices there in New York. You have an office where the wire set-up is where Kahn has nothing to do with it.

He doesn't go near it.

Mr. ROBINSON. Who is in the office where the wire set-up is?

Mr. KELLY. About 12 operators.

Mr. ROBINSON. Who is in charge of them?

Mr. KELLY. Joe Lewis.

Mr. ROBINSON. What is their function?

Mr. KELLY. Now you have to get that from the wire chief.

Mr. GALLAGHER. Basically, isn't it sending news?

Mr. KELLY. That is where they take care of UP and AP out of there. I imagine that is where they get their news.

Mr. ROBINSON. Kahn is in another office?

Mr. KELLY. That is right.

Mr. ROBINSON. How many people does he employ?

Mr. KELLY. One, a secretary.

Mr. ROBINSON. Let's get back to the specific problems that you give Kahn to do.

Mr. KELLY. I haven't given him anything to do in the last 2 years, I don't believe.

Mr. GALLAGHER. I think Kahn would be almost classified in the nature of being a pensioner with them. He has been with the business since it started and they just keep him on. He is riding along. He has a good thing, and if they should need him they call him.

Mr. KELLY. He is a hold-over from the Ragen organization.

Mr. ROBINSON. How many hold-overs do you have that fall in the category of L. Stanley Kahn?

Mr. KELLY. He is the only fellow that we have in that category.

Mr. ROBINSON. Who is Lennie Lenz?

Mr. KELLY. He is an operator.

Mr. ROBINSON. He is a wire man?

Mr. KELLY. Yes.

Mr. ROBINSON. He is a hold-over from the Ragen days and all, isn't he?

Mr. KELLY. Frankly, the whole organization is a hold-over, everybody is. I don't think there are two or three people in the organization who have been hired since then.

Mr. GALLAGHER. Don't you have three or four men up around 70 or 80 years old who don't do much?

Mr. KELLY. Those are hold-overs too.

Mr. GALLAGHER. You still pay them a weekly salary.

Mr. KELLY. That is right.

Mr. ROBINSON. I am very intrigued by L. Stanley Kahn. I would like to know if there is anything that you can recall at all that he has done that has been of service to the Continental Co. since you have been general manager.

Mr. KELLY. Not that I can recall, sir. If there was, I don't remember offhand.

Mr. ROBINSON. Does he submit periodic reports to you?

Mr. KELLY. No, sir. I never got a report—the only thing Kahn does is send in his office rent and his telephone bills to Continental Press.

Mr. ROBINSON. Doesn't he also submit some fairly sizable expense bills?

Mr. KELLY. If he went any place he would.

Mr. ROBINSON. Did he have any occasion to go to Europe for Continental?

Mr. KELLY. Christ, no. I hardly believe so. He went there on his honeymoon, I believe.

Mr. ROBINSON. Does Continental pay him for the cost of radios and cablegrams from Europe and reimburse him for those expenses?

Mr. KELLY. If he would call his secretary or call Cleveland or call Chicago, he would have that coming, yes.

Mr. ROBINSON. That would be a legitimate expense?

Mr. KELLY. That is right.

Mr. ROBINSON. Even though you haven't the remotest idea what he is doing for Continental?

Mr. KELLY. He is a fellow that you don't check up on, because he is a fellow that I would say is easy to get mad at you.

Mr. ROBINSON. He is easy to get mad at you?

Mr. KELLY. He would if you checked on his expense too much and asked him, "Where did you spend this \$2 or the other \$2 or \$4?"

Mr. ROBINSON. What do you expect he would do if he got mad at you?

Mr. KELLY. God only knows what any of these fellows could do. The more enemies you make in this business the more competition you have.

Mr. GALLAGHER. Maybe he could get you a bad press; is that right?

Mr. KELLY. Not only that but Stanley Kahn knows this business better than any man in it that I know of. He was related to the Annenbergs and lived with it. He bought the Philadelphia Inquirer from Mr. Annenberg. He ran the Daily Racing Form for Mr. Annenberg. I am almost positive that he was an officer in Mr. Annenberg's set-up either in the General News or the Nationwide News.

Mr. ROBINSON. Does Mr. Kahn ever charter airplanes to take officials to any of the race tracks?

Mr. KELLY. Not since Continental has been born.

Mr. ROBINSON. Does Mr. Kahn handle any political contributions for Continental Press?

Mr. KELLY. None; not that I know, sir.

Mr. ROBINSON. Who handles the political contributions for Continental Press?

Mr. KELLY. There is none that I know of.

Mr. ROBINSON. When was that policy discontinued?

Mr. KELLY. I didn't know they had a policy, sir.

Mr. ROBINSON. Mr. Ragen made the statement that during the years 1933 to 1936 they expended \$600,000—

Mr. DEMPSEY. That is Annenberg, not Continental.

Mr. ROBINSON. Let me finish my question. They expended \$600,000 for political contributions. Do you know whether that policy has been continued in effect by Continental?

Mr. KELLY. Not in Continental. They never gave any money to any politician that I know of.

Mr. GARRETT. Have you ever heard where that money of Annenberg's went, the \$600,000?

Mr. KELLY. No.

Mr. GARRETT. What does Lionel C. Lenz do for the company?

Mr. KELLY. He is a fellow who has been in this business. I think he went in it in 1920. He has been in this business ever since.

Mr. GARRETT. Is he close to Ragen?

Mr. KELLY. No. He is related to Monte Tennis, who founded the news business.

Mr. GARRETT. Would he be able to furnish us more information on some of these things than you are able to?

Mr. KELLY. I don't think Mr. Lenz could tell you one ounce of what I am talking about, outside of wires.

Mr. GARRETT. Is he a sort of inheritance also, who doesn't do much work?

Mr. KELLY. He was one of the originals of Continental Press at the start of Mr. McBride.

Mr. GARRETT. Does "adviser" mean he doesn't do much work?

Mr. KELLY. That is right. He has been in that capacity. In fact, Mr. Lenz had two kidney-stone operations. That is why he did not do so much work.

Mr. DEMPSEY. How old is he?

Mr. KELLY. I would say Lionel is about 60 years old.

Mr. GARRETT. Why do you keep him on?

Mr. KELLY. He is another fellow who has grown up with the business. If you take all those fellows off you would have another organization formed, and you would be in competition again.

The only reason I keep all these fellows as carry-overs is on account of the Ragens. They were loyal to the Ragens and we keep them on there.

Mr. ROBINSON. I have one further question about the rates. You explained the method by which the rates were established by Mr. Ragen. Do you know the basis upon which Illinois Sports establishes its rates to R. & H. or Midwest or General?

Mr. KELLY. I think you will probably find that the Illinois News rates are probably the same or practically the same for the last year and a half or 2 years.

Mr. DEMPSEY. I think Mr. Robinson is asking you now how Illinois made its contracts with its customers.

Mr. GALLAGHER. Does it do what Continental does, give them a flat rate or does it have an arrangement?

Mr. KELLY. I told George when he was picking these customers to get as much money as he could out of each one of them.

Mr. DEMPSEY. Mr. Kelly, if you know what the actual arrangements are, you can tell. If you don't and can find out through conferences with George and then tell them, it probably would be much better to find out rather than to guess about it.

Mr. KELLY. Mr. Robinson, I will say this, that you are asking me about Illinois Sport News. I am trying to answer you to the best of my ability, you understand.

Mr. ROBINSON. We understand that.

Mr. KELLY. I am trying to give you the best answer I can.

Mr. ROBINSON. In other words, you don't know the basis of the rate. All you know is that you spoke to your brother and told him he ought to get the best rate he could out of it.

Mr. KELLY. That is right, sir.

Mr. ROBINSON. Does Mr. Austin O'Malley work for Continental?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. Does he receive a flat salary?

Mr. KELLY. Mr. O'Malley gets, I think, \$300 a week—\$200 a week and \$50 expenses.

Mr. DEMPSEY. That is \$250.

Mr. KELLY. It is \$300 altogether.

Mr. ROBINSON. What is his function?

Mr. KELLY. He is a public relations man.

Mr. ROBINSON. What specifically does he do?

Mr. KELLY. He has been down in Florida. He has been in California. He has been all over. He has been a newspaperman all his life. He has compiled in the last year a book of all the publicity that Continental Press got and has put it in book form. That we have on file. He is a public-relations man.

Mr. GALLAGHER. Does he wine and dine, as the expression would go, the newspaper boys in order to try to get Continental good press?

Mr. KELLY. He does that.

Mr. ROBINSON. He tries to take care of the newspaper boys and entertain them and try to get as good write-ups as he can for Continental?

Mr. KELLY. That is right.

Mr. ROBINSON. Trying to tell them when their story is wrong and trying to get them correct, is that it?

Mr. KELLY. That is correct.

Mr. ROBINSON. Has he been successful in that?

Mr. KELLY. Very much so.

Mr. ROBINSON. Does he also work for Illinois Sports News?

Mr. KELLY. I don't think he works over there, no, sir.

Mr. ROBINSON. Does he have a contract with them?

Mr. KELLY. I believe there is some talk about him having a contract over there for public relations work in the last year.

Mr. ROBINSON. How did you learn that?

Mr. KELLY. I think one of the fellows told me he was over there.

Mr. ROBINSON. Did you discuss it with your brother?

Mr. KELLY. I believe he called me on it, sir. I am not too clear on that. I think he did call me.

Mr. ROBINSON. Do you remember what was discussed?

Mr. KELLY. I think at that time Mr. O'Malley wanted a public relations man over there. They were getting a lot of publicity. It was actually hurting them because there was competition in town.

Mr. ROBINSON. Is this recently?

Mr. KELLY. I think maybe it was 4 months ago, 3 months ago.

Mr. ROBINSON. Was their competition in town?

Mr. KELLY. The competition has been here ever since the other scratch sheet in town has been in town, since 1920.

Mr. ROBINSON. You are speaking of competition only in the sense of scratch sheet?

Mr. KELLY. Competition with the Illinois Sport News, scratch sheet.

Mr. ROBINSON. Was there a conversation between you and your brother with respect to O'Malley's being taken on to handle some competition between the scratch sheets?

Mr. KELLY. No. It related to him handling some public relations work.

Mr. GARRETT. Who is competition to the Illinois Sports News?

Mr. KELLY. The Chicago Turf Bulletin.

Mr. ROBINSON. Flanagans?

Mr. KELLY. The Flanagans.

Mr. ROBINSON. Can you recall anything else about conversations with your brother about Mr. O'Malley?

Mr. KELLY. No; I can't; outside that he was hired over there for public relations work.

Mr. ROBINSON. Do you know how much he was paid?

Mr. KELLY. I believe he was paid \$15,000.

Mr. ROBINSON. Would that include expenses or be exclusive of expenses?

Mr. KELLY. I think he was supposed to get expenses, too.

Mr. ROBINSON. That is more than he gets with Continental?

Mr. KELLY. I wouldn't say that, sir. I imagine it is about the same.

Mr. ROBINSON. Do you know what he has done so far?

Mr. KELLY. He wouldn't report back to me what he had done.

Mr. ROBINSON. Have you heard from your brother what he accomplished in that respect?

Mr. KELLY. I haven't seen either one of them.

Mr. ROBINSON. Since O'Malley was hired?

Mr. KELLY. No, sir. I don't believe I have. I may have, but I doubt it very much.

Mr. ROBINSON. Do you recall when you talked to your brother about O'Malley?

Mr. KELLY. No, sir; I don't.

Mr. ROBINSON. Do you know whether Mr. O'Malley was retained by your brother for any lobbying activities?

Mr. KELLY. No; that is impossible. That wouldn't be done. No, sir.

Mr. ROBINSON. I want to go back a little, if I may, Mr. Kelly, to try to fill in a gap. Do you have any recollection of what the circumstances or what the situation was here in Chicago between 1940 and 1943 so far as the wire service was concerned?

Mr. KELLY. No, sir.

Mr. ROBINSON. I am not speaking about the organization of any company at all, but how the wire service was gotten between '40 and '43 in Chicago.

Mr. KELLY. No, sir; I don't. I was in Cleveland at that time.

Mr. GARRETT. Can you tell me what the Bourke Realty Co. is?

Mr. KELLY. Yes; that was fellow by the name of Jack Bourke, who died. He left the office and left everything up there. I maintain that office up there.

Mr. GARRETT. In other words, that is just a name.

Mr. KELLY. No. There were a couple of fellows who tried to come into a real estate business, and they made me president to try to get some business. As far as my doing any business with them or for them, it is almost impossible. I am out of town most of the time. It is just a spot where there are telephones. They haven't made any money, and I haven't made any money. In fact, very little money has been made, if any, in Bourke Realty Co. since it has been there.

Mr. GARRETT. I wonder if you could tell me anything why Illinois Sports News hired Jack Dragna out in Los Angeles to work for them?

Mr. KELLY. Sir, the way I get that is this, from my brother: That Mr. Dragna called in—not Mr. Dragna, but somebody from Universal Sports News or Universal News Service, one or the other, had called in and told them that they had news in California to be sold. I don't know whether it was my brother or who it was who took the news from them on the phone, but I understand that they sent the news in and were paid after the news hit Chicago. They sent it in on Monday, and they would have Monday, Tuesday, Wednesday, Thursday, Friday, and Saturday in order to pay them.

Mr. GARRETT. Why did they do business with a man of his reputation, especially after he was supposed to have beaten up a friend of yours named Brody out there some years ago?

Mr. KELLY. I asked the same question myself, and they tell me they didn't know Dragna from a load of hay. They never met him, never done any business with him, but they made a deal with the Universal News Service or Sports News Service, and that is who got the checks, Universal Sports News.

Mr. GARRETT. Do you know anything about what happened after they cut Dragna off?

Mr. KELLY. After they cut Dragna off? No, sir; I do not.

Mr. GARRETT. Did you ever hear about Dragna coming to Chicago to find out why he was cut off?

Mr. KELLY. I think there was something in the paper about a fellow coming to Chicago and was supposed to go to the Illinois Sports News. Is that the incident you are talking about?

Mr. GARRETT. I don't know. I am just asking.

Mr. KELLY. I don't know, either, but I know there was something in the paper about it here the other day.

Mr. ROBINSON. Did you ever discuss with your brother as to why he was cut off?

Mr. KELLY. No, sir; I never did. I do know that they told me that the news was terrible and they discontinued. I knew that after he was discontinued. I knew that later. That is what they told me.

Mr. GARRETT. Who had they been getting their news from prior to the time they hired Dragna out there?

Mr. KELLY. I think they got their news from Continental. I think the wire went out out there and then this other organization went into existence.

Mr. GALLAGHER. Continental was going into the State of California and bringing news out of there until the spring of 1949. There was no need for them to get it from anybody else.

Mr. GARRETT. Why didn't they continue to get the news themselves?

Mr. GALLAGHER. Because they had no wire in the State. There is no State law against it. It was that McBride decision.

Mr. ROBINSON. Who are they getting the news from now?

Mr. KELLY. I think they have their own crew out there. I think O'Grady has his own boys out there.

Mr. ROBINSON. Would that be Burns?

Mr. KELLY. I hardly think so. I think Burns is around here.

Mr. GARRETT. During April of 1946, around in there, were you in Chicago?

Mr. KELLY. April of 1946.

Mr. GALLAGHER. Right before Ragen got shot, were you in Chicago?

Mr. KELLY. I don't know whether I was or not, to tell you the God's honest truth. No; I couldn't tell you the date exactly whether I was here or not.

Mr. DEMPSEY. Were you in Chicago when he was shot?

Mr. GALLAGHER. He was shot June 24. I was here then. Yes; I was.

Mr. GARRETT. Did you ever hear about a man named Richmond who was killed, a bookmaker?

Mr. KELLY. No, sir; I never heard of him. I remember reading something in the paper where he was shot on the West Side.

Mr. GARRETT. Even though you are in the business and you heard about a shooting that the newspaper said involved the wire service, you wouldn't inquire further?

Mr. KELLY. I don't believe the paper said that, sir. I think he was a bookmaker or something.

Mr. GARRETT. In his statement made to the State's attorney, Mr. Ragen said "Richmond had left R. & H. to go back to us" he calls it, meaning Midwest, I take it, and that shortly thereafter he was shot. Does that refresh your recollection any on Richmond?

Mr. KELLY. I don't recall that instance; no, sir.

Mr. GARRETT. Who would know about something like that?

Mr. KELLY. I don't believe anybody would know about it because I think that—you know, Mr. Ragen would have thrown anything in the world in there so somebody would investigate the people.

Mr. GARRETT. Do you know what became of an affidavit of 90 pages or so that Mr. Ragen prepared?

Mr. KELLY. I don't think he made an affidavit, personally. I think that was a whip he was trying to use over people.

Mr. GARRETT. He stated in his statement he had shown it to various people, and Mr. Serritella testified here that he had shown it to him. Mr. Serritella said he showed it to him and to everybody, the barber—

Mr. KELLY. I haven't seen it. The reason I said what I did, it was supposed to be in the box and when he died they opened the box and

it wasn't there. I would say that I didn't think it was there. That is my own thought. If they were there they would have shown up somewhere.

Mr. GARRETT. Did you open the box after the death?

Mr. KELLY. Me?

Mr. GARRETT. Yes.

Mr. KELLY. No, sir.

Mr. GARRETT. Who did open it, do you know?

Mr. KELLY. I couldn't tell you that.

Mr. ROBINSON. Did you ever discuss with Ragen any distinction between Continental and Midwest? Did he ever make any distinction between Continental and Midwest?

Mr. KELLY. In what way?

Mr. ROBINSON. Repeatedly through his statement he refers to "us" or "we" in the sense of Continental.

Mr. KELLY. That meant the people who were with him on his side.

Mr. ROBINSON. You say your brother dealt with the Universal Sports News in California?

Mr. KELLY. That is right, sir.

Mr. ROBINSON. Do you know who specifically he dealt with in that company in order to negotiate a contract?

Mr. KELLY. No, sir; I do not.

Mr. ROBINSON. Did your brother ever tell you that Dragna was in that company?

Mr. KELLY. I don't think my brother knew Dragna was there in his life.

Mr. ROBINSON. Do you suspect that your brother ever looked at his cancelled checks returned from Universal Sports News?

Mr. KELLY. I don't think he did.

Mr. DEMPSEY. It would be rather an unusual thing to look at your canceled checks. I don't know anybody who ever did it.

Mr. ROBINSON. I look at mine.

Mr. DEMPSEY. I never looked at an endorsement on a check that came back in my life.

Mr. ROBINSON. It looks rather peculiar to me that your brother would have a contract with Universal News and not know who was in it.

Mr. KELLY. No, sir; because the news was coming in perfect, and on top of that he didn't have to pay the man until the end of the week and the news was no good. He just cut them off.

Mr. GALLAGHER. Has it been your experience in Continental that news has been bought from the people from time to time and you don't know who they are? You are just paying for it and you just cut them off?

Mr. KELLY. That is right. That is the news that you buy from people, just like a reporter. You send a reporter out for a news story and if it is no good, you just get rid of him.

Mr. GALLAGHER. Have you had the experience with Continental Press that people often send you news and you make a deal with them to sell you news? Would that happen?

Mr. KELLY. Yes; a thousand people a week will try to tell you that they will get news. As a matter of fact, we pulled our wire out of

Florida and we probably got 25 calls from people wanting to sell us news.

Mr. ROBINSON. As I understand it, Universal Sports News dropped out because the news wasn't any good.

Mr. KELLY. That is my belief; yes, sir.

Mr. ROBINSON. Did your brother ever indicate that he had any complaint from Universal News for being cut off?

Mr. KELLY. No, sir. I don't think my brother talked to anybody from Universal News or Universal Sport News, whatever the name is, after he was cut off. In fact, he wouldn't talk to anybody because I think there was a reporter called up over there 1 day—this is something very vague to me. I don't know whether it is a reporter. He told me somebody called up over there and asked if Jack Dragna was on the payroll. Everybody over there started jumping out the window, saying, "Dragna! Who is Dragna?" I think Howard Kennedy went back on the canceled checks and found that Dragna had signed back one of the checks. I believe that is the way it went. That is the first they knew about Jack Dragna.

Mr. DEMPSEY. Was that after they terminated the news?

Mr. KELLY. It is either after they terminated or before they terminated, right before they terminated.

Mr. ROBINSON. What is your best recollection? Was it before they terminated it or after?

Mr. KELLY. I wouldn't know on that, sir. I would have to check with Kennedy. To my recollection I can't tell you. I don't know whether it was before or after.

Mr. ROBINSON. Is that something your brother would know about?

Mr. KELLY. I don't know whether he would know about it. It was around that time.

Mr. GARRETT. I notice in the Ragen statement he refers to various employees as people who work out of Chicago and report back "to Tom Kelly and me," as if you were some sort of equal of his in terms of responsibility in those days.

Mr. KELLY. No. Mr. Ragen ran the business of Continental Press all by himself during his life.

Mr. GARRETT. Were you considered a watchdog for the McBride interests?

Mr. KELLY. That is what everybody thought I was there for, to watch Eddie McBride's 33⅓ percent, which was right. I was there representing Eddie McBride. Mr. Ragen wouldn't let me see too much. He ran the business. He didn't want any watchdog looking underneath his bed.

Mr. ROBINSON. Do you know who was in Midwest before Farrell and Frestel?

Mr. KELLY. Who was in Midwest? Yes, sir. I think my brother George was in there.

Mr. ROBINSON. Prior to Farrell or Frestel coming in?

Mr. KELLY. Oh, no; I don't know that. I don't recall. That must have been long before Ragen got shot.

Mr. ROBINSON. Yes?

Mr. KELLY. No; I wouldn't remember that, sir.

Mr. ROBINSON. You wouldn't know who the original owners or partners in Midwest were?

Mr. KELLY. I don't know, sir. I can't remember that, who was in there.

Mr. GARRETT. Do you know how Midwest and R. & H. managed to get along in the same town together? That is, they sell the same news, don't they?

Mr. KELLY. Well, yes. No; I don't think they sell the same news; no. Mr. Garrett, you understand that the Continental Press news is part racing news and part general news. I don't think Trans-American had that.

Mr. GARRETT. At the present time there are two competing services in Chicago selling the same news.

Mr. KELLY. That is right.

Mr. GARRETT. How did they manage to avoid a destructive price competition there?

Mr. KELLY. How did they avoid it?

Mr. GARRETT. How did they avoid it.

Mr. KELLY. They couldn't avoid it. They got the top price for the news wherever they could.

Mr. GARRETT. Still at the present time? At the present time do they go around to one another's customers and say "I will give you a better price if you will come to me"?

Mr. KELLY. When is this?

Mr. GARRETT. Say 3 months ago.

Mr. KELLY. That I couldn't answer, sir. I don't know.

Mr. GALLAGHER. To your knowledge do Midwest and R. & H. try to raid each other's customers today?

Mr. KELLY. I don't think so. I think they both have their own customers, and I think they take care of them.

Mr. GARRETT. Do you know whether they have areas or not?

Mr. KELLY. No; I don't. I couldn't answer that. I don't think so, because Midwest goes all over Chicago.

Mr. GARRETT. Have you ever heard that Hymie had the Loop?

Mr. KELLY. No; I never heard that, but there were some stories around that Hymie had the Loop and he had some other districts that later on proved a lot of common talk, because at the time that Hymie was supposed to have the Loop and other things, Midwest was in the Loop. In fact, during the fight Midwest had offices in the Loop that were selling news.

Mr. ROBINSON. Isn't it true today that R. & H. has more customers in the Loop than Midwest?

Mr. KELLY. That I wouldn't know. I don't know how many either one of them has.

Mr. ROBINSON. I wanted to ask you some general questions, Mr. Kelly, based to a large extent on Mr. Ragen's statement. Did you ever hear him mention Joe Batters?

Mr. KELLY. No; he never mentioned Joe Batters to me, but I read his name in the paper.

Mr. ROBINSON. Or Tony Accardo?

Mr. KELLY. No; he never mentioned his name to me.

Mr. ROBINSON. Did he ever mention Guzik's name, Jack Guzik?

Mr. KELLY. No; not to me, sir. In fact, I don't know any of those fellows that you talk about.

Mr. ROBINSON. I know you don't know them.

Mr. GALLAGHER. Did Ragen ever talk about them?

Mr. ROBINSON. It is perfectly obvious that Ragen knew them, and I was wondering whether in his conversations with you he had ever mentioned any of those names like Guzik and Murray Humphreys.

Mr. KELLY. No. Ragen would have the doors closed and he would have the FBI and he would have policemen in the office, and that is where all the news would come out. It came out of there.

Mr. GARRETT. He never talked to you about Al Capone?

Mr. KELLY. Christ, no. He never talked to me about Al Capone.

Mr. GARRETT. We have had testimony that he had Capone on his mind all the time and imagined he was behind doors.

Mr. KELLY. According to the statement that came out in the paper later, he blamed Al Capone for being the boss and all that stuff.

Mr. GARRETT. Wouldn't he ever talk to you about that?

Mr. KELLY. No; Christ, no. In fact, I don't think he talked to his son about it, to tell you the truth.

Mr. ROBINSON. He seemed to have talked extensively to Dan Serritella. Do you know Serritella?

Mr. KELLY. Yes; I do, sir.

Mr. GARRETT. He was a very good friend of Ragen's?

Mr. KELLY. I believe Dan Serritella and Ragen were very friendly. In fact, I am not sure of this, but I think Ragen stood up for some of his children.

Mr. GARRETT. That is right. Ragen was the godfather to some of his children.

Mr. KELLY. I heard that.

Mr. ROBINSON. Ragen stated that he met with Humphreys and Guzik.

Mr. KELLY. Ragen met with these fellows?

Mr. ROBINSON. In the Chicagoan Hotel in September 1945.

Mr. KELLY. That I wouldn't know.

Mr. ROBINSON. At which time he was propositioned by Guzik and Humphreys for 40 percent of the income of the Midwest from the Chicago area in consideration for which R. & H. would get out of the wire service business. Did Ragen ever tell you anything about that?

Mr. KELLY. No, sir; he did not. In fact, Ragen told all this stuff to the FBI and that was done behind closed doors.

Mr. ROBINSON. He also told it to the state's attorney.

Mr. KELLY. That is something else that I never have seen. I don't know what he told him.

Mr. ROBINSON. He stated he was very annoyed, and the conversation went on, and he finally got up and left.

Mr. KELLY. You know Mr. Ragen wasn't himself for the last 2 years of his life. You know that, don't you?

Mr. ROBINSON. What do you mean, he wasn't himself?

Mr. KELLY. Well, I used to meet the boy and he used to tell me something had happened to Senior—which meant his father—that he needed a rest, he was on the way to a nervous breakdown. That is actually the God's honest truth. The man actually was. He had an awful lot of trouble with income tax. He had trouble with paroles and pardons, whatever the heck he had there. I don't know what it was.

Mr. ROBINSON. This all seems to tie in because subsequently Ragen stated he would have to have Midwest break with R. & H.

Mr. KELLY. That is right.

Mr. ROBINSON. Which is precisely what he did.

Mr. KELLY. That is right.

Mr. ROBINSON. He said he got back from Florida in the late summer of 1945. That is approximately right, isn't it?

Mr. KELLY. There are some dates there that I didn't remember when he returned. I thought he returned when his brother died. I don't know that.

Mr. ROBINSON. Have you heard that Pat Burns had gone over to another outfit around that time?

Mr. KELLY. Mr. Ragen says that I told him that Pat Burns went over there, but I never told Mr. Ragen that because I didn't know whether Pat Burns was over there. In fact, I think Burns was working for Mr. Ragen at that time.

Mr. ROBINSON. He stated he learned anyway that Pat Burns had gone over to another outfit.

Mr. KELLY. Yes.

Mr. ROBINSON. When he got back from Florida.

Mr. KELLY. He called Burns on the wire, from what they tell me. I wasn't there when it happened but I understand he called Burns on the wire and he and Burns had a good hot argument over the telephone.

Mr. ROBINSON. Where did you learn that?

Mr. KELLY. This was in the office. It was propaganda around there. Mr. Ragen never told me.

Mr. ROBINSON. He never told you that?

Mr. KELLY. No, sir.

Mr. ROBINSON. His statement is that he never talked to Burns; that he called Burns' wife.

Mr. KELLY. He is probably right.

Mr. ROBINSON. And then got the information from Burns' wife that he had switched to somebody else.

Mr. KELLY. His statement would be correct and mine would be wrong.

Mr. ROBINSON. In any of your conversations with Ragen did he ever indicate that the Capone outfit had been trying to move in on the wire-service business since 1934?

Mr. KELLY. No, sir; I never heard that. He never discussed that with me.

Mr. ROBINSON. Did he ever indicate that he had received a proposition—

Mr. KELLY. No; he didn't.

Mr. ROBINSON. To sell out the wire-service business for \$100,000 and manage it for the Capone outfit?

Mr. KELLY. I don't think he could have done that, sir, because he would have first to propose it to Eddie McBride. You have the contracts here. You can see that that is impossible.

Mr. ROBINSON. No; this could very well have been before the McBride time.

Mr. GALLAGHER. You mean even before 1943?

Mr. DEMPSEY. Eddie McBride came in at the same time old man Ragen did.

Mr. ROBINSON. This could have been even prior to the McBride time.

Mr. KELLY. Then he would have sold out Mr. McBride and his son at that time.

Mr. ROBINSON. This could very well have been back in the Annenberg period.

Mr. KELLY. I don't know much about that.

Mr. ROBINSON. I am wondering whether in any discussion or talks with you he indicated that the Capone organization did want to get into the wire-service business.

Mr. KELLY. No, sir. That never has been talked over with me. In fact, all this statement that you are reading now, telling me about, this is the first time I have ever heard about it.

Mr. ROBINSON. Here is specifically what he said: He said that when Annenberg threw in the sponge Serritella told Ragen that the Capone organization would like to take in the business and give Ragen \$100,000 in cash and a part of the business if Ragen would help them get it. Ragen told Serritella that the business was very anemic and would be for some time because of the publicity it had gotten, and anyhow Hoover wouldn't let those fellows in it. Serritella told Ragen then that Ragen could run it, and Ragen said there was not going to be much nourishment in the business. Serritella then stated to Ragen that if his people had it, they would make \$10,000,000 a year on it, and it would be very simple, but the most that the Serritella people had in Chicago was 88 books. There were 914 served by Nationwide. And if Serritella's people had the news, nobody could get it unless his people owned the books. That it would make at least a thousand more jobs for his men. Ragen then said he got the flash that he, Ragen, would be in the picture only so long as he taught them the business and after that he would be found in an alley.

Did Ragen ever have any discussion along that line with you?

Mr. KELLY. No, sir; that is the first time I have heard that.

Mr. ROBINSON. Do you think that is a figment of Ragen's imagination?

Mr. KELLY. I wouldn't want to comment on that, sir. I don't know. I don't know at that time when he made the statement what condition the man was in or anything else.

Mr. ROBINSON. Did Ragen ever mention anything about Frank Nitti?

Mr. KELLY. No, sir; he never talked to me about him.

Mr. ROBINSON. Or about Nitti's men tryin' to get preferential rates?

Mr. KELLY. No, sir. This all happened, I believe, before—how far are you going back, sir?

Mr. ROBINSON. It is around the period of 1939.

Mr. KELLY. Oh, Christ, I don't know. I was a road man out of town. I was in New York, I believe, at that time.

Mr. ROBINSON. I understand that, but all I am getting at is—

Mr. KELLY. If I know anything about this?

Mr. ROBINSON. Since these things happened to Ragen, whether or not he ever mentioned any of them to you in the course of his conversations with you.

Mr. KELLEY. No, sir. That was long before my time.

Mr. GARRETT. That Finerty deal was in 1945 or 1946 when he was killed. Did you ever hear about the death of Larry Finerty?

Mr. KELLY. Who is Finerty, sir?

Mr. GARRETT. He is a man who put up a deposit for news with Midwest and was going to open up a place down in Gary, or thereabouts, and was killed before he could open up in 1945 or 1946.

Mr. KELLY. I have a slight recollection of a Finerty out there who is mayor or something.

Mr. GARRETT. This is his brother.

Mr. KELLY. No; I didn't know about that.

Mr. GALLAGHER. Can we have a few more questions and then arrange to come back out here a week from Monday with you and sit down?

Mr. ROBINSON. I think that probably would be the best thing to do.

Mr. GALLAGHER. We will be glad to talk to you the latter part of next week and arrange a time.

(Whereupon, at 5:30 p. m., the hearing adjourned, subject to the call of the chairman.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

MONDAY, DECEMBER 18, 1950

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED
CRIME IN INTERSTATE COMMERCE,
Chicago, Ill.

The committee met, pursuant to call of the chairman, at 10 a. m., in room 267, United States courthouse, Senator Estes Kefauver (chairman) presiding.

Present: Senator Kefauver.

Also present: Rudolph Halley, chief counsel, George Robinson, Henry P. Kiley, and William Amis.

The CHAIRMAN. The committee will come to order.

Let everyone take seats, please.

This hearing is being held, and let the record so show, pursuant to the adoption of Senate Resolution 202 and pursuant to a resolution of the Special Committee To Investigate Crime in Interstate Commerce.

The chairman has been authorized a delegation of one person, one member of the committee to swear witnesses and hear sworn testimony. The chairman has designated himself as a committee of one to conduct this meeting.

Because of the important session of the Senate which is now in session, it will not be possible for the other members of the committee to be here.

Senator Wiley is expected to arrive on Wednesday. Other members of the committee are Senator O'Connor, from Maryland, Senator Hunt, of Wyoming, and Senator Tobey, of New Hampshire, but inasmuch as this time had been set, I felt we should have this open hearing here at this time.

I think this would be a very good time to state again just a little more explicitly what the purpose of this investigation and of this hearing is. The resolution under which the committee operates directs the committee to make an investigation of organized crime in interstate commerce, that is, for the purpose which is the purpose of any legislative inquiry, to determine first what the over-all national picture is.

There has been a great deal of information given and complaints issued by law-enforcement officers, local, State and Federal, relative to the magnitude and to the sinister operations of criminals and crime in interstate commerce.

So that the committee has been assigned the very difficult job of trying to find what the interstate picture is, its ramifications, who operates it, the nature of the operations, what protection or what contacts there may be with law enforcement officers or with people in public life.

The committee began its inquiry by going to Miami, Fla., where we found that that was a general meeting place for racketeers and criminals from all over the United States, and that in Miami they got to know one another and talked things over.

Thereafter, the committee has had testimony from practically every part of the United States by witnesses in Washington; we have also had public witnesses from the various bureaus before the committee, and we have had specific inquiries after the Miami hearings in St. Louis and in Kansas City, and also here in Chicago, as you will remember.

Then later on in New York, in which certain phases of the New York-New Jersey picture were gone into; Philadelphia—and we have had hearings out in the field at Las Vegas, San Francisco, and Los Angeles.

In addition to that our staff has made inquiries in quite a number of other cities and we have accumulated at least staff memoranda, facts, and information relative to practically all operations that we have been able to find out anything about, and they are substantially all over the United States.

From these various hearings that we have had in other parts of the country we find that Chicago, by virtue of the fact that it is a very large metropolitan city, the crossroads and one of the centers of distribution of goods and services throughout the country, is a nerve center or one of the chief nerve centers for the operation of organized crime. That is particularly so by virtue of the fact that the wire service around which some of the operation is built emanates out of Chicago.

By our being here and by what I have said in that connection I don't want to say that the people of Chicago or the officials of this section or area are any worse or any less law abiding than people anywhere else, but Chicago is an important center in connection with our investigation because we have found links in other cities and other parts of the country today that do involve Chicago people.

I think I should make it clear also in the beginning that if anyone is expecting us to go into all local situations and try to ferret out good officers from bad officers or bad from good officers or to solve local crimes or to try to clean up a local situation if it should require cleaning up, they will be disappointed because that is not our purpose, and I want to say in that connection that the committee has confidence in your good mayor, your good Mayor Kennelly, your police department, and I have heard many good things of Commissioner O'Connor and of his work in the start he is making, of your local officials and of the enforcement officers of the Governor of Illinois.

We have full confidence that they will make every effort, and they are showing a great deal of determination to ferret out and to bring to justice any local criminal operations.

However, in attempting to get the factual situation so as to make a legislative recommendation to the Senate if we do find connections with officials or anyone else that has an important or substantial bear-

ing upon interstate operations which we are involved in, that will, of course, be brought out, and we have endeavored to do that, but we are not involved and not interested in purely local matters.

I think, also, it should be stated that our committee during the course of our existence has had many hundreds of requests, and also from people in cities and towns all over the United States to come and make investigations there.

To my mind, the Senate should not be a permanent enforcement agency. We investigate for the purpose of recommending legislation. It has been inspiring to see the cooperation and the interest that people and good enforcement officers all over the country have shown in our work, and their determination to clean up any local difficulties that they may have, and I think in passing that it should be noted, and we are happy to note this, that there is a very definite determination. We have seen evidences of it in Chicago, in this section, and in the State of Illinois, on the part of the people and enforcement officers, how the situation has improved greatly.

As I have said so many times, the big part of the job is the interest of local people, and not of the Federal Government.

I do want at this time to express our appreciation for the cooperation that we have had from Mayor Kennelly, who has given us all the help that he could, and has been most cooperative and interested in our work. We have been very happy to cooperate and be of every assistance we could to him.

We want to thank the police department of the city of Chicago and Commissioner O'Connor, who have helped us in every way that they could. I want to wish Commissioner O'Connor the very best of success. He is starting off splendidly, and he has a tremendous opportunity. He seems to have a very good spirit of cooperation among the people and the members of the department, and we certainly want to wish him well. He is here, and we hope he will be with us all during this hearing.

The Chicago Crime Commission has been of much assistance to the committee, and I think they have done excellent work.

The United States marshal's office and the marshals who have helped us with our work are here today and were during the executive sessions. We are very grateful to them.

We have had the utmost cooperation and many valuable suggestions from the United States attorney's office, and Mr. Otto Kerner, Jr., the district attorney, who has been with us during all of our hearings and who is here today.

We also want to thank Governor Stevenson and the State police for their assistance, which has been substantial; the Treasury Department of the United States; the Post Office Department; General Services Administration; the Office of the Building Superintendent for arranging and helping us with our hearings and the personnel they have given us; Judge Barnes for making the quarters available here.

We have had in Chicago for some time our associate counsel, George Robinson, who has worked hard and diligently and effectively in going into all possible leads and factual information that has been presented in ferreting out things and matters of interest. He has done a very excellent job, and also the ones who have been here in the office with him.

For a while Mr. George White was here and rendered substantial and good help, and then the Bureau of Narcotics took him away on a special assignment, but he is back with us today; also Henry Patrick Kiley, Bill Amis, Bill Garrett, John McCormick, and Paul Newland, and at other times we have had other personnel here.

I did want also to express our thanks at this time to five young ladies who have been working in our office very diligently Saturdays and at nights and have given us most effective secretarial help—Miss Marion Town, Margaret Brennan, Jean McKellar, Louise Fitz Patrick, and Mary Saunders.

It is our plan to carry on this meeting not more than 4 days. It so happens that the chairman is chairman of the subcommittee of the Armed Services Committee which reported the civil defense bill, and the Senate is anxious to get it up. I am supposed to be there to present it on the floor before the Senate ends, and that cannot be later than Friday, so we will have to conclude in not more than 4 days, and 3 days, if it is possible.

I think I would like to state again—and I hope that the press and the radio will carry this fully, and also any of you here that have any information will let us know—our hearings here are made much more difficult by the inability to secure certain witnesses who have been avoiding service of subpoena, and after the most diligent effort we have been unable to find some of them.

In the first category, I wish to read the names of Anthony Accardo, Charles Fischetti, Rocco Fischetti, Murray Humphreys, Patrick James Burns.

Subpenas have been issued for these witnesses about 2 months now. We have made every effort to try to effect services of process. The press and radio have been very good about publicizing their names. We now have pending a resolution asking that warrants of arrest be issued directed to any Federal law-enforcement office to detain them and hold them until this committee can serve subpoenas upon them.

We will persist. This resolution for warrants of arrest has been temporarily held up, pending its referral to the Judicial Committee, which, in my opinion, was unnecessary and has greatly delayed our securing the relief that is necessary.

This committee will persist in its effort until witnesses are located and brought in. We expect to do everything possible to prevent them from flaunting the United States Senate and preventing the giving of testimony which would be important in this inquiry.

Also, more recently subpoenas have been issued and effort has been made to locate people in order to secure the testimony of other witnesses in Chicago and in the Chicago area. It is barely possible, though, that these people may not know that they were wanted for questioning and to talk matters over with them. So if any of you have any information about their whereabouts, have any way of notifying or informing them they are wanted, I hope you will let the committee know.

In this list are Jack Guzik, Joe Epstein, Joe Corngold, Ed Vogel, and Hymie Levin.

We will make additional efforts to get them in, and if we are unable to locate them we will ask the Senate to issue warrants of arrest for them after further efforts to locate them have been unavailing.

Under the rules of the building—and it is difficult for the chairman and members of the staff as it is for everybody else—we can have no smoking here. We will carry on until about 12, and after that have a recess, which will be announced, and will go on until later in the afternoon.

It might be necessary to have one or two night sessions, but I can't say about that yet.

We wish to cooperate with the press photographers and the news-reel people in every possible way. We will have to ask that flash-bulb pictures be made the first 2 or 3 minutes of the questioning of witnesses and just before they leave the stand. For the pictures that you don't use flash bulbs for, you may take them at any time if they don't annoy the witness or the committee or the staff.

Of course, we have with us Mr. Halley, our chief counsel; Mr. Klein; and other members of our staff who are here.

Mr. Halley, is there anything else?

Mr. HALLEY. There is nothing else. We are ready to proceed.

The CHAIRMAN. All right.

I think that I should make clear also that the fact that a witness is or is not subpoenaed, or is called or not called, is not intended to carry any inferences one way or the other. We go on the testimony that they give, and not the mere fact that they may have been called as witnesses.

All right, Mr. Halley, who is the first witness?

Mr. HALLEY. The first witness is Mr. Morton Samelson.

The CHAIRMAN. Mr. Samelson, will you come around and take the seat over here? Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SAMELSON. I do.

TESTIMONY OF MORTON W. SAMELSON, CHICAGO, ILL.

Mr. HALLEY. What is your full name, please?

Mr. SAMELSON. Morton W. Samelson.

Mr. HALLEY. What is your address?

Mr. SAMELSON. 1548 South Karlov Avenue.

Mr. HALLEY. And your business, please?

Mr. SAMELSON. I am a bookkeeper and accountant.

Mr. HALLEY. What is your business address?

Mr. SAMELSON. Same address.

Mr. HALLEY. Mr. Chairman, before proceeding further with the testimony of this witness, I would like to offer in evidence a summary of certain evidence now in the record as of a date prior to December 18, 1950.

The CHAIRMAN. This summary, which I understand has been given to the press, will at this point in the record be treated as if read specifically into the record so that it is a part of and incorporated in the record at this point of the committee hearing.

Since copies are available for the press, and I think for any of our guests here who may want them, we will not take the time of the committee to actually read the summary, but it is a part of the record

and carries with it any privilege that being made a part of the record has.

(The summary identified was thereupon received in evidence, marked "Exhibit No. 40" and appears in the appendix on p. 1386.)

Mr. HALLEY. Mr. Chairman, as exhibit No. 41 I offer in evidence four charts, the first of which is a map of the United States and has outlined on it the telegraph lines operated by Continental Press.

The second—

The CHAIRMAN. That will be received as a part of the record.

Mr. HALLEY. May that be designated as "Exhibit No. 41"?

The CHAIRMAN. Yes.

(The paper identified was thereupon received in evidence and marked "Exhibit No. 41," and is on file with the committee.)

Mr. HALLEY. I offer, as exhibit No. 41-A, a chart showing the wire service operated by Continental Press and its distributors as of May 1950.

The CHAIRMAN. That will be made a part of the record.

(The paper identified was thereupon received in evidence as exhibit No. 41-A, and appears in the appendix facing p. 1390.)

Mr. HALLEY. The third will be a chart showing the operations of Trans-American Wire Service as of March 1947, and may that be designated as "Exhibit No. 42"?

The CHAIRMAN. It will be made a part of the record as exhibit No. 42.

(The paper identified was thereupon received in evidence as exhibit No. 42, and appears in the appendix on p. 1390.)

Mr. HALLEY. The fourth is a chronology showing certain major events in the history of the wire service since 1945, and may that be designated as "Exhibit No. 43"?

The CHAIRMAN. It will be made a part of the record as exhibit No. 43.

(The paper identified was thereupon received in evidence as exhibit No. 43, and appears in the appendix on p. 1391.)

Mr. HALLEY. Exhibit No. 43, Mr. Chairman, has been mimeographed and distributed to those who are interested.

As exhibit No. 44, Mr. Chairman, I offer in evidence a list of witnesses whom the committee has been unable to serve, and who have not appeared in response to the committee's request.

Each of these witnesses in this exhibit are employees of either Continental Press or, if not Continental Press, one of the distributors or subdistributors of the wire service which originates in Continental Press.

The CHAIRMAN. That will be received as exhibit No. 44.

(The paper identified was thereupon received in evidence, marked "Exhibit No. 44," and appears in the appendix on p. 1394.)

Mr. HALLEY. Mr. Samelson, have you ever worked as auditor for the Trans-American Publishing Co.?

Mr. SAMELSON. The Trans-American Publishing and News Service, Inc.

Mr. HALLEY. And you were their auditor?

Mr. SAMELSON. That is right.

Mr. HALLEY. During what period?

Mr. SAMELSON. Approximately 1945 and 1946. I don't remember the exact dates.

Mr. HALLEY. 1945 and 1946?

Mr. SAMELSON. Until they closed.

Mr. HALLEY. And they closed about June of 1947; did they not?

Mr. SAMELSON. I don't remember now. If I had my records, I would be able to tell. I have nothing to substantiate anything whatsoever.

Mr. HALLEY. I show you a set of transcripts of bank accounts which are photostats and are entitled "Amalgamated Trust & Savings Bank, Trans-American Publishing and News Service, Inc."

Can you state of your knowledge whether Trans-American had an account with the Amalgamated Trust & Savings Bank?

Mr. SAMELSON. If that is a transcript, then I cannot say anything else; but I cannot remember the actual name of the bank they dealt with. Everything that I have will be on record, will be written through the books. I would not remember anything about that, and I don't remember what bank it was that they dealt with.

Mr. HALLEY. It was a bank?

Mr. SAMELSON. Absolutely.

Mr. HALLEY. Now, you say everything is on record?

Mr. SAMELSON. That is right.

Mr. HALLEY. But where are the records?

Mr. SAMELSON. I don't know, gentlemen. They were given as per my instructions—they were left at Mr. Bernstein's office.

Mr. HALLEY. Which Mr. Bernstein is that?

Mr. SAMELSON. Mr. Eugene Bernstein.

Mr. HALLEY. And—

Mr. SAMELSON. I left them at his office for the simple reason that I had changed the address to that office for any mail that would come in having to do with the business.

I knew there would be termination papers on the various State taxes.

Now, I did not want that to come to my home, inasmuch as I was going to be downtown practically all day, so I had them mailed directly to that office where I could finish up whatever loose ends there were hanging.

Mr. HALLEY. What books and records were there that were delivered to the offices of Mr. Eugene Bernstein?

Mr. SAMELSON. His journals, ledgers, working papers, and also social-security and unemployment-compensation tax returns.

Mr. HALLEY. Were there canceled checks?

Mr. SAMELSON. No; there were no canceled checks.

Mr. HALLEY. Where were they?

Mr. SAMELSON. They were left in the office when business closed up. In other words, the office of the Trans-American.

Mr. HALLEY. Who instructed you to deliver the books and records to Mr. Eugene Bernstein?

Mr. SAMELSON. That was my own suggestion, for the simple reason that I was going to finish up the work there, because of the fact that I changed the mailing address.

Mr. HALLEY. Who suggested that you leave some of the records, that is, the canceled checks, at the office of Trans-American?

Mr. SAMELSON. I had no further use for them, except for checking at some future date, should something come up so that as far as canceled checks were concerned there was no further need for them.

Mr. HALLEY. Was that your own decision or did somebody tell you to do that?

Mr. SAMELSON. That was my own decision.

Mr. HALLEY. Now, I show you the bank accounts entitled as stated before, and I will ask you if it appears to be a correct transcript of Trans-American?

Mr. SAMELSON [examining records]. They may very well be, gentlemen. I have no other way of saying that they are not, except for the fact that my original bank statements would have my own notations on them.

Mr. HALLEY. These, of course, were obtained from the bank.

Mr. SAMELSON. If those were obtained from the bank, then I must assume that they are the statements from the bank.

Mr. HALLEY. You understand that this committee could not find any witness who either could or would tell us where the bank account was, and we just had to hunt until we found it ourselves.

Mr. SAMELSON. I understand that.

Mr. HALLEY. By going to all the banks.

Mr. SAMELSON. I tried to tell Mr. Robinson what bank it was, but actually I did not remember what bank it was. I don't even know if I mentioned Amalgamated to him, but if I did not, it was only because of the fact that I did not know. I actually did not remember what bank it was they dealt with.

Mr. HALLEY. Was there any other bookkeeper in the office or did you do all the bookkeeping?

Mr. SAMELSON. There was a young lady in the office who made up the checks for payrolls and other expenses that were incurred, and after awhile I trained her to do some of the detailed bookkeeping work.

Mr. HALLEY. Who would make out the deposit slips?

Mr. SAMELSON. The girl in the office or one of the men that were in charge, either Mr. Burns or Mr. O'Hara.

Mr. HALLEY. I will show you the deposit slips and ask you if there is anything on those deposit slips which resemble—perhaps you remember the handwriting on some of them?

Mr. SAMELSON. Yes, I do.

Mr. HALLEY. Which do you remember in particular and for what reason?

Mr. SAMELSON. Well, I remember Mr. Burns' handwriting for the simple reason that it was—I used to kid him about it quite often.

Mr. HALLEY. Would you hand the committee, say, one or two which had Mr. Burns' handwriting on them?

(Documents handed to the committee.)

Mr. HALLEY. You are referring to A. J. Burns?

Mr. SAMELSON. Andrew Burns.

Mr. HALLEY. Andrew Burns. What did you kid him about?

Mr. SAMELSON. Well, just that—I don't know whether that is important, as to what I kidded him about, but let it suffice that I kidded him about his handwriting. I mean, I don't think that is very important. I believe that is—

Mr. HALLEY. Please, we will do much better if you just answer the questions. If you don't remember, say you don't remember, but, if you do, just answer them, please.

Mr. SAMELSON. Well, I actually don't remember. All I do know is that once in a while whenever he would write up a bank deposit slip, I would say, "Please make it a little more legible," that is all.

Mr. HALLEY. There is no harm in saying that his handwriting is rather hard to read.

Mr. SAMELSON. All right.

Mr. HALLEY. But if there were, please try just to answer the questions.

The CHAIRMAN. Well, as examples of ones that you say were in Mr. Byrnes' handwriting, you have handed the committee photostats of the deposits of July 30, 1947, and October 3, 1946.

Mr. SAMELSON. Well, I didn't even look at the dates.

The CHAIRMAN. Yes, I know. Those are the dates.

Mr. SAMELSON. It is just that those were the ones I picked out for you.

The CHAIRMAN. Let's make these photostats a part of the record.

Mr. HALLEY. I will offer in evidence as exhibit No. 45, the transcript of the bank account of Trans-American Publishing and News Service, Inc., with the Amalgamated Trust and Savings Bank.

The CHAIRMAN. Let it be received.

(The paper identified was thereupon received in evidence, marked exhibit No. 45, and is on file with the committee.)

The CHAIRMAN. Let me ask one question in that connection.

You mean, Mr. Samelson, that you kept those books and records of a substantial nature and couldn't remember which bank they had their deposits in?

Mr. SAMELSON. Senator, I have approximately 60 to 70 accounts, and once an account is closed up, as far as I am concerned I am not interested in that account any more, and I am not going to keep the information of one particular account when I don't remember the information of the other accounts that I don't handle any more.

The CHAIRMAN. But you did actually execute the books and records of this company?

Mr. SAMELSON. That is right.

The CHAIRMAN. You had some young lady who assisted you, but you had the principal responsibility of the books and records?

Mr. SAMELSON. Absolutely.

The CHAIRMAN. Now, you must have had connections with the bank during that time these deposits—

Mr. SAMELSON. I never had occasion to go to the bank. Any information I wanted, I asked either the girl or one of the two men to obtain for me.

The CHAIRMAN. Where do you have your bank account yourself?

Mr. SAMELSON. I have mine at the National Bank of Commerce.

Mr. HALLEY. Now, Mr. Chairman, I offer in evidence as the next exhibit the photostatic copies of the deposit slips, the same company, Trans-American, and the same bank.

The CHAIRMAN. It will be made exhibit No. 46, I believe.

(The paper identified was thereupon received in evidence, marked "Exhibit No. 46," and is on file with the committee.)

Mr. HALLEY. Mr. Chairman, at this point I wish to make a separate exhibit of certain deposit slips which show cash deposits and currency.

It is customary, is it not, Mr. Samuelson, when making out these deposit slips to separate the checks and currency in accordance with the bank deposit slip requirements?

Mr. SAMELSON. Absolutely.

Mr. HALLEY. I have here a currency deposit for \$10,000 dated October 3, 1946; \$10,000, February 11, 1947; \$8,450, December 13, 1946; \$11,000, January 17, 1947; \$9,000 December 2 1946; \$5,000, October 18, 1946; \$5,000, November 14, 1946; \$5,000, November 7, 1946; \$15,000, June 13, 1947; \$12,000, August 2, 1946; and \$5,000, September 20, 1946.

The CHAIRMAN. It will be made a separate exhibit as exhibit No. 47. (The paper identified was thereupon received in evidence, marked "Exhibit No. 47," and is on file with the committee.)

Mr. HALLEY. Mr. Samuelson, how did you obtain your employment with Trans-American Publishing & News Service, Inc.?

Mr. SAMELSON. I was recommended by the attorney, Eugene Bernstein, who happens to be my brother-in-law.

Mr. HALLEY. You are related to him?

Mr. SAMELSON. Yes.

Mr. HALLEY. How many days a week would you appear at their offices?

Mr. SAMELSON. Sometimes 1 day a week, sometimes I wouldn't come in except every other week. It all depends upon whether I thought there was anything of importance that had to be done that particular time.

Mr. HALLEY. And where were the offices located?

Mr. SAMELSON. The offices were located when I came with them at 330 South Wells Street, the corner of Van Buren and Wells.

Mr. HALLEY. Prior to that had they an office at 6 Lake Street?

Mr. SAMELSON. Yes; according to information that I received, they had, but I wasn't with them at that time.

Mr. HALLEY. What were the offices like at 330 South Wells Street?

Mr. SAMELSON. Well——

Mr. HALLEY. Were there two rooms?

Mr. SAMELSON. Yes; there was an L-shaped room, and then there was an inner office which the L-shaped room surrounded.

Mr. HALLEY. And who were the personnel that you would see there; who were the people you would see at these offices?

Mr. SAMELSON. Mr. Burns was in the office.

Mr. HALLEY. There were two Mr. Burnses, were there not?

Mr. SAMELSON. When I talk about Mr. Burns, I am talking about Mr. Andrew Burns.

Mr. HALLEY. Mr. Andrew Burns.

Mr. SAMELSON. Mr. O'Hara, whenever he knew that I was going to be there, he would be there.

Mr. HALLEY. That is Ralph O'Hara?

Mr. SAMELSON. Ralph O'Hara, and the young lady whose name I don't remember.

Mr. HALLEY. And now, how about the other Mr. Burns, Patrick Burns?

Mr. SAMELSON. He would come in very, very seldom. I didn't see him all of the time.

Mr. HALLEY. He was connected with Trans-American, though, was he not?

Mr. SAMELSON. He received a check from Trans-American.

Mr. HALLEY. Received a weekly salary check, did he not?

Mr. SAMELSON. Yes, received a weekly salary check.

Mr. HALLEY. What was Mr. Patrick Burns' salary? Was it \$125 a week?

Mr. SAMELSON. I am not going to say, because if I said, I wouldn't be able to back it up.

Mr. HALLEY. Well——

Mr. SAMELSON. I would only be able to tell these things—after all, these men would be able to tell you themselves. My information can only be gotten from the books and records that I kept.

Mr. HALLEY. Mr. Samelson, let's try to understand each other.

Mr. SAMELSON. I think I understand you perfectly well.

Mr. HALLEY. You happened to do some accounting for a firm. You are not under charges, accusations, and it is not a discredit to you to be here. To your credit, it will be that you give every aid and assistance to this man that you can.

If you don't remember something, we are going to ask you for your best recollection. If you think you are not positively sure of something, but think you remember it, tell the committee and qualify it. But, we are asking you as an accountant, the man who is here, and upon whom we have been able to get service, to help, and assist this State and this country.

Mr. SAMELSON. Well, then, under those circumstances, I can say that it was \$125 that he received. Now, whether that \$125 was all salary, because he was entitled to a certain amount of money each week for expenses——

Mr. HALLEY. That was about \$25?

Mr. SAMELSON. It must have been \$25, yes. Yes, it was a salary of \$100, now that it is brought to my attention, a salary of \$100, and \$25 for expenses. In other words——

Mr. HALLEY. You are now talking about Pat Burns?

Mr. SAMELSON. In other words, on the \$100, the taxes were deducted, and on the \$25 there were various expenses he had to show records for his own income-tax return, that he spent, but the company gave him \$25 a week for expenses.

Mr. HALLEY. What was Andrew Burns' salary, was that also \$125?

Mr. SAMELSON. One of the two men got \$150, now which one of the two men, I don't remember, but there was one man——

Mr. HALLEY. Was that O'Hara?

Mr. SAMELSON. It may have been O'Hara or Andrew. I actually don't remember which one of the two, but I know that one of them got more than the other.

Mr. HALLEY. In any event, there were three salaries, and one was \$100 plus \$25 expenses, and the other \$125, and the third was \$150? Would that be about right?

Mr. SAMELSON. No; they each got \$25-a-week expenses.

Mr. HALLEY. I see.

Mr. SAMELSON. One would be \$100 for the salary—rather, two of them would be \$100 for the salary—and one would be \$125.

Mr. HALLEY. Now, who gave you instructions as to the amount of salary to pay each one of them?

Mr. SAMELSON. Well, that had been set up before by themselves. I mean they had agreed upon their own salaries; I had nothing to do with the setting up of the salaries, and, as a matter of fact, I didn't make out the salary checks. Before we—before the girl came in, Andrew himself, Andrew Burns made out the checks himself, and they were countersigned by the other party—by O'Hara.

Mr. HALLEY. Was Andrew Burns, in effect, the office manager?

Mr. SAMELSON. Yes.

Mr. HALLEY. What was O'Hara's function; did you know?

Mr. SAMELSON. No; actually, I didn't know; I never did know what Ralph O'Hara did. The only thing I knew is that they were the two principal copartners in that corporation.

Mr. HALLEY. What was Pat Burns' job?

Mr. SAMELSON. I saw Pat so seldom that I figured that he must have been someone outside of the office, having to do with work only outside of the office, because he had no say while I was there; I mean during those days I was there he would have nothing to say regarding the running of the office or any of the personnel within the office, so I don't know what his work actually was. I do know that he was out—they made mention of the fact that Pat was here, Pat was there, sometimes. But I never did know what actually his work was.

Mr. HALLEY. Well, a lot of the business was out of town, was it not?

Mr. SAMELSON. Yes.

Mr. HALLEY. In fact, they had a New York office?

Mr. SAMELSON. I don't believe they had a New York office. I don't remember.

Mr. HALLEY. I thought you had told Mr. Robinson that they had a New York office?

Mr. SAMELSON. They had men working—I know they had a couple of offices.

Mr. HALLEY. One was in Miami, is that right?

Mr. SAMELSON. One was in Miami, yes. They had a New York office; I was just trying to recollect which ones of the cities they had it in. There was one in New York and one in Miami, and I believe there was one other one; I am not certain just where it was.

Mr. HALLEY. Now, who were some of the other people you would see around that office?

Mr. SAMELSON. If you are trying to get names, gentlemen, I wouldn't remember. I saw one other fellow that was—two men, rather, that would run errands for Mr. O'Hara and Mr. Burns, but never—I wouldn't remember their names. I mean to me they were just men, and if I needed any office supplies, I knew I could send someone out for office supplies or for stamps or for something like that.

Mr. HALLEY. Well, did you ever hear of the R. & H. Publishing Co.?

Mr. SAMELSON. Yes; they were a customer of Trans-American.

Mr. HALLEY. With whom did Trans-American deal for R. & H.?

Mr. SAMELSON. Oh, all I know are names of concerns; I have nothing to do with individual names.

Mr. HALLEY. In fact, R. & H. never paid by check, did they? They generally paid in cash?

Mr. SAMELSON. I wouldn't remember that, because the deposits were made up before I came; all I would take my information from were the deposit slips, duplicate slips that either the girl or Mr. Burns would make up.

Mr. HALLEY. Would you try not to upset the order that these checks are in, but look at this batch of checks which are handed to you?

They appear for the most part to be checks made out to Trans-American, but for the record, Mr. Chairman, they are checks which were deposited to the bank account of Trans-American Corp.

Mr. SAMELSON. These checks have never been canceled.

Mr. HALLEY. Those are the Recordak pictures; they are made before the checks are canceled. They come from the bank, don't worry about them; they are authentic, Mr. Samelson.

You know what the Recordak is, do you not?

Mr. SAMELSON. Yes; I do.

Mr. HALLEY. You see the committee had to get these records the hard way.

Are any of them familiar to you?

Mr. SAMELSON. The names are familiar to me; yes.

Mr. HALLEY. What cities did payment come from? As you look through those checks, can you refresh your recollection?

Mr. SAMELSON. Well, Kansas City, Las Vegas, Nev.

Mr. HALLEY. Well, they show checks there from Miami?

Mr. SAMELSON. Right. Yes; I was trying to think of the name of the concern in Miami. I can't do it.

Mr. HALLEY. Interstate News? Do you note the Miami checks are all signed by William O'Brien, W. J. O'Brien?

Mr. SAMELSON. I noticed that, but it wouldn't make any difference to me.

Mr. HALLEY. That name doesn't mean anything to you?

Mr. SAMELSON. No. In no case do any of these checks mean anything to me, as far as signatures are concerned, because——

Mr. HALLEY. At least the cities are familiar to you?

Mr. SAMELSON. The cities are familiar to me.

Mr. HALLEY. As cities with which your company did business?

Now, what are the cities? There is New Orleans you have in your hand?

Mr. SAMELSON. There is New Orleans, Las Vegas.

Mr. HALLEY. Incidentally, you are holding a check for \$10,000 from Las Vegas?

Mr. SAMELSON. This is \$12,000.

Mr. HALLEY. \$12,000, I am sorry. Before you leave it——

Mr. SAMELSON. I don't believe that was a service.

Mr. HALLEY. What would that be for? Would that be a loan?

Mr. SAMELSON. I believe that would be a loan of—there was talk at one time about their getting into Las Vegas, Nev. No; that was something else.

Mr. HALLEY. What was it?

Mr. SAMELSON. This was a loan, a straight loan from this Golden Nugget.

Mr. HALLEY. Who signed the check on that loan; do you know?

Mr. SAMELSON. This is a cashier's check.

Mr. HALLEY. But it came from the Golden Nugget?

Mr. SAMELSON. I am quite certain it came from the Golden Nugget. Of course, the records showed definitely at the time of deposit of the loan that it was a loan, that a loan was made to the corporation.

Mr. HALLEY. In the amount of \$12,000?

Mr. SAMELSON. That is right.

Mr. HALLEY. What was the date of that \$12,000?

Mr. SAMELSON. July 26, 1946.

Mr. HALLEY. Do you or do you not know that in July of 1946 the racing book of the Golden Nugget in Las Vegas was controlled by Bugsy Siegel?

Mr. SAMELSON. I don't know. I didn't know that.

Mr. HALLEY. Did you ever hear the name of Siegel in connection with that loan?

Mr. SAMELSON. No, sir.

Mr. HALLEY. Did you ever hear the name of Siegel in connection with the racing-wire service at Las Vegas?

Mr. SAMELSON. At that time? No.

Mr. HALLEY. Yes.

Mr. SAMELSON. I never heard the name Siegel until very recently.

Mr. HALLEY. You have heard more recently and particularly in connection with our committee's hearings in Las Vegas that Bugsy Siegel ran the book at the Golden Nugget in 1946?

Mr. SAMELSON. Yes. I had no way of knowing at that time because, well, I was only interested in names of companies. As a matter of fact, I do know that at one time I received a deposit of a cash check, either a cash check or cash, I don't remember, and the very first thing I demanded from them was the name of the company that they received the check from, for the simple reason that I couldn't put into the records cash received from no one.

I mean, there had to be for my records a name of a company, the name of an individual that that money came from so that the entry should be made accordingly, and if it was a loan to be shown as a liability of the corporation, so that when the money was paid out it would be shown recorded as the payment or liability and not an expenditure of moneys for expenses.

Mr. HALLEY. Going on with the list of cities, what are they? You have mentioned Las Vegas, New Orleans, Kansas City?

Mr. SAMELSON. Kansas City, and this Columbus, Ohio, Sandusky Sports, was also a company that they dealt with. There was one company that they dealt with—this name is the most familiar, as far as this is concerned—that they gave service to, and they didn't collect for all the service that they rendered.

Mr. HALLEY. At Ohio?

Mr. SAMELSON. This is the one that comes to my attention most vividly. Then we have this Camden, N. J.

Mr. HALLEY. What was the name of the company at Camden?

Mr. SAMELSON. Marlborough Communication Engineers.

Mr. HALLEY. You remember that one?

Mr. SAMELSON. Yes.

Mr. HALLEY. Who signed those checks?

Mr. SAMELSON. Melehorn or Malahorn—Clarence J. Malehorn.

Mr. HALLEY. M-a-l-e-h-o-r-n?

Mr. SAMELSON. M-a-l-e-h-o-r-n. Then there was an Ellis S. Malehorn on one of the checks I have in my hand.

Mr. HALLEY. Did you ever talk to any of them by telephone or otherwise?

Mr. SAMELSON. I would have no occasion to talk to them.

Mr. HALLEY. What is the next city you have there?

Mr. SAMELSON. Phoenix, Ariz., and Baltimore City.

Mr. HALLEY. What was the name of the company at Phoenix?

Mr. SAMELSON. No; this Baltimore was something else.

Mr. HALLEY. What was Baltimore?

Mr. SAMELSON. The refund on deposits for telephones. In other words, at the time that telephone service was installed we had to pay a deposit.

Mr. HALLEY. Then you must have had at least a telephone outlet in Baltimore; is that right?

Mr. SAMELSON. They must have.

Mr. HALLEY. Now, getting back to Phoenix, what was the name of that company there?

Mr. SAMELSON. The Western News Exchange.

Senator KEFAUVER. Western News Exchange?

Mr. SAMELSON. That is right.

Mr. HALLEY. And do you have any other cities?

Mr. SAMELSON. You have two cities combined here. I don't know whether the work was done in Tucson or in Phoenix. You have those combined. Now, I don't remember which one of the two cities that was—this service was rendered.

Then, of course, we have this Miami, Fla.

Mr. HALLEY. And those were signed by William J. Busty O'Brien?

Mr. SAMELSON. W. G. O'Brien.

Mr. HALLEY. Yes. Now, in Chicago you did have the R. & H. Co.; is that right?

Mr. SAMELSON. That one I do remember; yes.

Mr. HALLEY. There are no checks on Chicago?

Mr. SAMELSON. No checks on Chicago.

Mr. HALLEY. I offer in evidence, Mr. Chairman, the Recordak checks as exhibit No. 48.

The CHAIRMAN. They will be received as exhibit No. 48.

(The papers identified were received in evidence, marked "Exhibit No. 48," and are on file with the committee.)

The CHAIRMAN. At this point I think we might as well clarify this, Mr. Robinson. These are all photostats or microfilm of all of the checks in that account?

Mr. ROBINSON. They haven't been completed, the examination of the checks.

Mr. HALLEY. However, they go by dates, do they not?

This would be a cross section, would it not?

Mr. AMIS. The other checks are being reproduced.

The CHAIRMAN. What I am trying to get at, does the record show there are other R. & H. checks?

Mr. AMIS. I didn't see any at all.

The CHAIRMAN. You made an examination of those statements?

Mr. HALLEY. In other words, we photographed them by periods of time, Mr. Chairman. You get a cross section of any particular month that you did photostat.

Mr. Chairman, at this point, may we offer in evidence a memorandum which I will state for the record was prepared by Mr. H. G. Robinson, chief investigator of the committee, summarizing the testimony before this committee on the wire service in Las Vegas, insofar as it refers to the Golden Nugget horse book, up to the death of Bugsy Siegel, was operated by Bugsy Siegel.

The CHAIRMAN. That will be received and made exhibit No. 49 to the record.

(The memorandum identified was thereupon marked "Exhibit No. 49," and appears in the appendix on p. 1394.)

The CHAIRMAN. Do you want to amplify on this matter? Does the press have a copy of this memorandum?

Mr. HALLEY. We can have it mimeographed very shortly, Mr. Chairman. I can read certain parts of it.

This is entirely taken from the committee record, Mr. Chairman, and I am quoting from this document:

In 1946 at the time the Golden Nugget partnership was formed an attempt was made by Thomas—

Incidentally, Thomas is one of the partners of the Golden Nugget—to obtain the service. He talked to Bugsy Siegel, who was supposed to be in charge of the service, and Siegel was not inclined to give the service, but wanted to rent the book outright for himself or else rent it on a percentage basis. Thomas negotiated the deal with his other partners.

At first Siegel wanted to give the partnership only 25 percent of the book, and he later raised it so the partnership would receive 33⅓ percent.

The percentage deal was turned down and a rental of \$3,000 a month was suggested, which was later compromised at \$1,700. After 2 or 3 months of operation it appeared that Siegel's book was a lucrative proposition, and the partnership called Siegel in and he agreed without any disturbance to increase his rental to \$3,000 per month, which was again reduced to a flat \$30,000 per year.

In effect, that is the part showing Siegel's connections. There are other sections of this referring to the transactions with Mr. Thomas Kelly, after the death of Siegel and after the discontinuance of Trans-American, and they are summarized in the committee's exhibit No. 40, the summary of background already in the committee's record, which has already been distributed to those who are interested.

The CHAIRMAN. This is exhibit 49 to the testimony, and if any of the press wants to get any more out of this they are free to do so.

Mr. HALLEY. Now, Mr. Samelson, do you know any of the people connected with the R. & H. Co., the Chicago company? Have you ever met, or do you know Phil Katz?

Mr. SAMELSON. No, sir; I never met him.

Mr. HALLEY. Have you ever met, or do you know, Hymie Levin?

Mr. SAMELSON. No, sir.

Mr. HALLEY. Have you ever met, or do you know, Raymond Jones?

Mr. SAMELSON. No, sir.

Mr. HALLEY. Were any of them ever in the office of Trans-American?

Mr. SAMELSON. If they were, I was never introduced to them.

Mr. HALLEY. Did you ever hear of any of these names mentioned in the office of Trans-American?

Mr. SAMELSON. No; I have never heard of these names at all, mentioned in the offices of the Trans-American.

Mr. HALLEY. Did you ever hear the name of Daniel Serritella mentioned in connection with Trans-American?

Mr. SAMELSON. No, sir.

Mr. HALLEY. Or of Jack Guzik?

Mr. SAMELSON. No, sir.

Mr. HALLEY. Or of a Blue Scratch Sheet?

Mr. SAMELSON. No, sir.

Mr. HALLEY. None of these names came to your knowledge?

Mr. SAMELSON. None of those names came to my knowledge.

Mr. HALLEY. In fact, I think you told Mr. Robinson when you were in here to see him that you had the feeling after a while that the company was not on the up and up, and you would have liked to have given it up?

Mr. SAMELSON. Well, I did not say that the company was not on the up and up. Let's not put words into my mouth.

Mr. HALLEY. How would you put it?

Mr. SAMELSON. I said I knew what their service was after I started with the company; and if I had known, before I went in with it, I would not have taken that kind of work. But, so far as record keeping was concerned, they listened to my every bit of advice and followed my advice to the letter of my law; let's put it that way.

Mr. HALLEY. What was it that made you think you would not have taken the business if you had known about it in the first place—just the fact that they were distributing wire service?

Mr. SAMELSON. Just the fact that they were doing service of the kind I myself would never get into.

Mr. HALLEY. What kind of service is that? What would you—

Mr. SAMELSON. Well, racing itself. I mean, for horse racing or racing of any kind. I wouldn't get into it just as I wouldn't get into politics.

Mr. HALLEY. You mean you wouldn't—

The CHAIRMAN. Well, let's don't get too—

Mr. SAMELSON. Well, gentlemen, you asked me if I would get into it.

The CHAIRMAN. Just a minute. Politics is a very necessary and honorable profession that somebody has to get into if we are going to have a democracy.

Mr. SAMELSON. I don't want to be in it; that is all. I mean, I don't want to be in horse racing. I don't want to be in politics. I have that—

Mr. HALLEY. Well, you put it a little differently. You put it that you didn't think everything was quite all right.

Mr. SAMELSON. Well, gentlemen, I wouldn't have gone into it if I had known beforehand what kind of work it was going to be.

Mr. HALLEY. Well, you found out, for instance, that they were competing with Continental, did you not?

Mr. SAMELSON. As far as I am concerned, they were an autonomous business. They had nothing to do with any other business.

Mr. HALLEY. Well, you told Mr. Robinson that you thought they were competing with Continental.

Mr. SAMELSON. I found that out later on, certainly, but I didn't know when I started with it.

Mr. HALLEY. And you probably read in the papers, at least toward the end of 1946 and in the middle of 1947, that they were considered the "Mob" outfit? Did you ever see that in the papers?

Mr. SAMELSON. Well, the papers printed a lot of things, but I don't practice accounting by the papers.

Mr. HALLEY. I thought maybe that was one of the things that might have worried you.

Mr. SAMELSON. No, sir; no, sir. I have nothing to be concerned about as far as record keeping is concerned.

Mr. HALLEY. I am not saying you did. I think you are unduly sensitive, and let's remember again what we are trying to do is get some help from you—

Mr. SAMELSON. Certainly.

Mr. HALLEY (continuing). About the nature of the business—

Mr. SAMELSON. I will help you as much as I can, gentlemen, but when you asked me why I want to be—why I wouldn't take it up, I wouldn't take it up now knowing what the business was, but at the time—

Mr. HALLEY. Well, the company needed, from time to time, additional cash in order to keep going, did it not?

Mr. SAMELSON. Yes.

Mr. HALLEY. And how would you get that cash into the bank accounts? How would that be handled?

Mr. SAMELSON. The cash would have been deposited into the bank, and a duplicate deposit slip made reporting it, the information, on the duplicate deposit slip as to what and where that cash came from.

Mr. HALLEY. Well, occasionally you found that the company was running low of cash, is that not right?

Mr. SAMELSON. That is right.

Mr. HALLEY. And would you mention to Mr. O'Hara the need for additional funds?

Mr. SAMELSON. Absolutely. That is in the records, that I had mentioned to Mr. Robinson that if I—if the company needed money all I would have to do is to tell Mr. O'Hara that we are running low on cash, taxes have to be paid, that would be all there was to it. I would make up the checks on the taxes except for—yes, I would have all the—I would see to it that the checks were made up for the taxes.

Mr. HALLEY. And you wouldn't—sorry.

Mr. SAMELSON. And—go ahead. You were going to interrupt, there.

Mr. HALLEY. No, you go right ahead.

Mr. SAMELSON. Just the fact that once in a while I would make up certain checks that were made payable to the United States Government, and that was for the excess tax on the use of the wires, the regular telephone tax that we were charged separately for, and that would be once a month, of course.

The other checks were always made out by the girls when we got it. I mean, in the beginning I would make up all the checks for the various State and Federal taxes. When the girl came, she was given all the information on work-sheet papers. She would then make up the checks.

Mr. HALLEY. Did you make up the income tax returns—

Mr. SAMELSON. No, sir.

Mr. HALLEY (continuing). In 1946?

Mr. SAMELSON. I made up no income tax returns.

Mr. HALLEY. Did you give to Mr. Bernstein or anyone else the figures for 1946?

Mr. SAMELSON. I gave them regular work-sheet-paper statements.

Mr. HALLEY. And did you compute the income for 1946?

Mr. SAMELSON. Yes, sir. I made up—

Mr. HALLEY. Do you remember what the net income was for 1946?

Mr. SAMELSON. There was no net income.

Mr. HALLEY. There was no net income?

Mr. SAMELSON. No net income.

Mr. HALLEY. There was a net loss?

Mr. SAMELSON. That is right.

Mr. HALLEY. Do you remember how large it was?

Mr. SAMELSON. No, sir.

Mr. HALLEY. Was it in excess of \$100,000? Was it a six figure loss? Let's just put it that way.

Mr. SAMELSON. I really don't know, gentlemen. If it was it may have just exceeded the six-figure. But if it wasn't, I am not going to say that it was. I actually don't remember whether—what the figures were.

Mr. HALLEY. Well, again, we are not trying to pin you down on what you don't know.

Mr. SAMELSON. It may have been a six-figure loss. It may have been a five-figure loss.

Mr. HALLEY. Let's put it this way.

Mr. SAMELSON. I know it was either in the—a five- or a six-figure loss.

Mr. HALLEY. It was at least a five-figure loss?

Mr. SAMELSON. Yes.

Mr. HALLEY. And would it be in the high five figures? I mean, it wasn't—

Mr. SAMELSON. If you are asking me these questions—

Senator KEFAUVER. Mr. Samelson, we just want your best judgment.

Mr. SAMELSON. I don't know to the letter—

Senator KEFAUVER. Just a minute. We know that you haven't any books and records. You can't give us something exact, but we want to get the general approximate information and—

Mr. SAMELSON. Senator, I am trying to give it, but the gentleman asks me if it is a low or if it is a high. It is a five-figure loss.

Mr. HALLEY. Mr. Samelson, will you listen for a minute?

Mr. SAMELSON. Yes.

Mr. HALLEY. I have questioned a great many witnesses in some years, and I generally find that asking questions of this type of a witness who is trying to help does help him refresh his recollection. I am not trying to badger you. I am trying to help you refresh your recollection. Now, when a witness is not trying to help, this type of question invariably upsets him and confuses him. I suggest that you settle back, assume—which is the fact—that the attitude here is friendly, and try to think. You may be able to recollect when helped by this type of question.

Now, you have said it was either a five or six figure, which gave me the thought if it was one of them it must be at least in the high

five figures rather than the low five figures. Now, if that is wrong, say so. If you don't remember say so. But make an honest effort to think instead of simply to spar with me.

Mr. SAMELSON. I remember something in—let's see, in 1945 they opened up, and we had a tremendous loss in 1945 of approximately—in 1946 we had a loss of approximately \$116,000. Now, it may be \$111,000, but those figures just seem to come to my mind, approximately \$116,000 was our net loss. Our gross income—I started something. Now I don't know what—let it go at—

Mr. HALLEY. Well, that is all right. You say that that loss was about \$105,000 in 1946? Is that right?

Mr. SAMELSON. \$116,000, I believe was—

Mr. HALLEY. Oh, \$116,000.

Mr. SAMELSON. Something like that, but, of course, you would have that information on your corporation tax returns.

Mr. HALLEY. Now, in separating out income from loan, you had to have certain information; is that right?

Mr. SAMELSON. Yes.

Mr. HALLEY. Do you recall whether the loans were fairly substantial? Were they enough to cover that loss?

Mr. SAMELSON. The loans—

Mr. HALLEY. Let's put it this way. You met your bills; didn't you?

Mr. SAMELSON. We met our bills.

Mr. HALLEY. So you must have borrowed at least \$116,000; would that be right?

Mr. SAMELSON. That is right. We undoubtedly—we had a little balance left in the bank at the time of closing. It amounted to around—I believe you may have that final statement—\$12 and something. That was closed out of the bank, something in the neighborhood of that.

Mr. HALLEY. Who told you which items to enter as loans as contrasted to income.

Mr. SAMELSON. They were on the duplicate deposit slip. When they were not the information was given to me by whoever was in the office. It may have been Mr. O'Hara, and it may have been Mr. Burns, but those were the two men that I dealt with at all times.

Mr. HALLEY. I think you told Mr. Robinson—I will just quote his notes—that when you would mention the need of money to O'Hara, he would say, "O. K., I will get it," and then the money would be deposited in the bank, and you would enter it as a cash loan on the books. Is that about right?

Mr. SAMELSON. Let us say both O'Hara and Mr. Burns, because there were times that Mr. Burns wasn't in the office—rather, Mr. O'Hara wasn't in the office when I made mention of that. I may have said that to Mr. Robinson. I undoubtedly did say that, but by the same token there were times that I dealt only with Mr. Burns, if Mr. O'Hara wasn't there.

Then I knew if I told them to get money that either they were going to get it or they were going to become delinquent in their taxes, and I am certain that, knowing them, they didn't want to become delinquent.

Mr. HALLEY. In any event, you did talk to O'Hara on some of these occasions about loans?

Mr. SAMELSON. Oh, yes; absolutely.

Mr. HALLEY. And he would tell you to enter the loans on the books in some cases?

Mr. SAMELSON. Where they weren't already entered on the duplicate deposit slip. I would ask, naturally, what this money was, whom it was from, and for what?

Mr. HALLEY. And you would ask O'Hara on some occasions?

Mr. SAMELSON. If O'Hara was there, I would ask him.

Mr. HALLEY. Did you on some occasions ask O'Hara?

Mr. SAMELSON. Yes; certainly.

Mr. HALLEY. Look, let me take the mystery out of this. Of the whole bunch O'Hara is the only one on whom we have been able to serve a subpoena. We have caught him. We want to ask him some questions, and we need your help so we know whether he is the one we can ask certain questions. There is no mystery about it.

Mr. SAMELSON. I realize that, sir, but I can't say definitely I spoke only to O'Hara.

Mr. HALLEY. Where would fellows like O'Hara and the two Burns get that kind of money? They didn't have it themselves, did they?

Mr. SAMELSON. That is beyond my jurisdiction to know where they got it. I actually don't know. I mean, it was on the duplicate deposit slip that the money was from this and this company or this and this individual, whatever the case may be, and it was entered accordingly.

Mr. HALLEY. They obviously were borrowing it from somebody, is that right?

Mr. SAMELSON. Oh, yes, or, well, undoubtedly unless they had it themselves and didn't want to do it. I mean, I don't know. It was stated to me as such, and I had to follow through accordingly.

Mr. HALLEY. You were quite sure they were selling wire service to R. & H.?

Mr. SAMELSON. I am quite positive. Yes, they were, because their name would appear regularly.

Mr. HALLEY. From the items in the books and records, can you state how they purchased their wire information about the races and such?

Mr. SAMELSON. In other words, what services were they using to get this?

Mr. HALLEY. Yes.

Mr. SAMELSON. They were using various Bell telephone companies. They had the Baltimore Bell Telephone Co. I don't know if that is the correct name of it—the Baltimore & Chesapeake Bell Telephone Co. The Illinois Bell Telephone Co., Western Union—the telephone companies and Western Union were the only services that they were using.

Mr. HALLEY. Did they pay people to obtain the information at the track? Did they have wig-wag men and telegraph men?

Mr. SAMELSON. I know they had employees, but what they had, what they were doing, I don't know.

Mr. HALLEY. There were people——

Mr. SAMELSON. There must have been. After all, we don't get \$200 and \$100 a week just for sitting in an office and doing nothing. I

mean, I assume from the fact that we were receiving weekly checks from the various places that we were giving some kind of service. I must assume that.

Mr. HALLEY. Well, you had outside men who were getting \$75 and \$85 a week?

Mr. SAMELSON. That is right.

Mr. HALLEY. And I think you mentioned that the Western Union bill ran about \$7,000 a month?

Mr. SAMELSON. That is right.

Mr. HALLEY. Is that right?

Mr. SAMELSON. That is right.

Mr. HALLEY. And you undoubtedly had a telephone bill, I think you mentioned over \$200 a month, is that right?

Mr. SAMELSON. Well, yes. I know that I had a long talk with Mr. Robinson, and I gave him whatever figures I could remember.

Mr. HALLEY. Did Mid-West ever lend any money to Trans-American?

Mr. SAMELSON. Mid-West? Mid-West what?

Mr. HALLEY. Mid-West Publishing Co.

Mr. SAMELSON. I don't remember.

Mr. HALLEY. Now, what did the various subscribers pay for their wire service? Do you remember?

Mr. SAMELSON. Some were \$100 a week; some were \$200 a week; some were \$150 a week.

Mr. HALLEY. It varied between \$100—

Mr. SAMELSON. Between \$100 and \$250, was the variance; never anything more or never anything less than that.

Mr. HALLEY. How did you handle telephone calls in the office? Who was the phone operator? You did a lot of telephoning?

Mr. SAMELSON. Well, Mr. O'Hara and Mr. Burns both made telephone calls out of the office. I, myself, made telephone calls out of the office, and phone calls were coming into the office.

Mr. HALLEY. Well, did you have a girl to handle them?

Mr. SAMELSON. We had no switchboard, and we had no key on it. We had extension phones, and they would all—I don't remember if we had one or two numbers, either, but we had three telephones in the office.

Mr. HALLEY. Now, Reliable News was one of the customers, was it not?

Mr. SAMELSON. I believe they were.

Mr. HALLEY. They paid directly?

Mr. SAMELSON. The name is familiar.

Mr. HALLEY. They paid directly for wire service? In fact, we have checks from Reliable, do we not? That is the office at East St. Louis?

Mr. SAMELSON. Yes.

Mr. HALLEY. Do you remember it?

Mr. SAMELSON. I don't believe you will find any checks in there, from what I remember seeing right now.

Do you have any checks from them?

Mr. HALLEY. I don't think there are any right here. But, you do recall Reliable?

Mr. SAMELSON. Reliable, yes.

Mr. HALLEY. And did they pay by check or cash?

Mr. SAMELSON. I remember the name as being a subscriber. How they paid, I don't remember.

Mr. HALLEY. At this point, Mr. Chairman, I wish to offer in evidence a copy of a telegram from the files of Reliable News Service in East St. Louis reading as follows: "R. & H. Publishing, 177 North State Street, Chicago, Ill."

In pencil on it is the date of April 7, 1947—

Attention: Phil Katz. Order ticker to be installed at address below. Very important it be installed immediately.

The address below is: "J. Mooney, 318 Missouri Avenue, East St. Louis, Ill.," and the telegram is signed by W. Wortman, Reliable News Service.

The CHAIRMAN. That will be received and made exhibit No. 50.

(The paper identified was thereupon received in evidence, marked "Exhibit No. 50," and appears in the appendix on p. 1396.)

Mr. HALLEY. Did you ever give the books of Trans-American to a Mr. O'Hara?

Mr. SAMELSON. Did I ever give them to him? They were kept in the office.

Mr. HALLEY. Did he ever take them home?

Mr. SAMELSON. That I don't know, because when I closed up the business, I left them in the office of Mr. Eugene Bernstein.

Mr. HALLEY. And did you personally hand them to Mr. Bernstein?

Mr. SAMELSON. Well, whether I personally handed them to him or not, I don't remember. All that I do remember is I told him I was leaving the books there because of the fact that I am going to make whatever closing entries as far as refund checks and payments are concerned, right from that office, but I do know that I would put them in his safe when I would leave. And when I closed up, I said, "I am all through with the company now. I am leaving the books here for Mr. O'Hara." And that was the end of it.

Mr. HALLEY. Let me ask for your expert opinion on a matter. Doesn't it look as though this was just a skeleton dummy corporation set up with money from elsewhere to perform a service as a cover for some other operations?

Mr. SAMELSON. Well, you are asking me as an expert. If you are asking for just my opinion—

Mr. HALLEY. Yes.

Mr. SAMELSON. Now that I see the whole thing close up, I would say "yes."

Mr. HALLEY. Thank you very much.

Now, Mr. Chairman, for the record, may it be noted that the checks from MOCAN Publishing Co., Kansas City, Mo., already in evidence, on behalf of Trans-American, are signed by Edward P. Osadchey, who I believe the committee's record in Kansas City shows, is also known as Eddie Spitz.

The CHAIRMAN. That notation will be made.

Mr. HALLEY. No further questions, Mr. Chairman.

The CHAIRMAN. Mr. Robinson, do you have any questions?

Mr. ROBINSON. Yes, I have one or two questions, Mr. Chairman.

Do you know, Mr. Samelson, whether or not O'Hara or Burns ever personally advanced any money?

Mr. SAMELSON. In the very beginning, when I took the books over, there was a record written in there that Mr. O'Hara and Mr. Burns personally paid for the stock that was issued to them.

Mr. ROBINSON. I am not talking about the stock, I mean—

Mr. SAMELSON. But other than that, there were some loans that were recorded as even in the very beginning, also, but later on, no.

There were some funds put in as loans by Mr. Burns. There was one loan put in there by Mr. Patrick Burns in the very beginning, and whether—I don't remember whether there was anything by Mr. O'Hara or Mr. Andrew Burns.

Mr. HALLEY. You don't remember the names of the two men you saw who ran errands?

Mr. SAMELSON. No.

Mr. ROBINSON. Did you ever hear of the name of Glasser, or a Hockstein?

Mr. SAMELSON. The last names, I doubt whether they would even make an impression on me. All I do recall is that first names or nicknames were used. There were never any last names used in the office at any time. Even I wasn't called Mr. Samelson. I mean, they knew my name from Mr. Bernstein and they would call me Mort or Morton, whichever they thought of, but never by any proper last name.

Mr. ROBINSON. Now, in addition to the general ledger, did you turn over the cash receipts and the cash disbursements book to Mr. Bernstein?

Mr. SAMELSON. That is right, yes.

Mr. ROBINSON. When did the company actually close up its office, cease its operation?

Mr. SAMELSON. Sometime in the month of July, they left the residence, they left the office. Now I am quite certain that it was in the month of July that they left that office and then I actually—I believe I saw Mr. O'Hara only once or twice after that in Mr. Bernstein's office.

Mr. ROBINSON. Do you know whether the two Burnses were employed elsewhere at that time?

Mr. SAMELSON. I wouldn't know.

Mr. ROBINSON. Do you know where the actual service was operating of Trans-American?

Mr. SAMELSON. No, sir, no, sir; I never did delve into that too much, inasmuch as when I went in there I was told to see just that the auditing of the books was correct.

Mr. ROBINSON. Did you ever hear of their office in Joliet being closed up?

Mr. SAMELSON. I heard mention of an office in Joliet, but I never heard anything else about it.

Mr. ROBINSON. Was there an office subsequently opened in Cicero for the wire operation?

Mr. SAMELSON. I don't remember, gentlemen. It is possible that they said something about it, but I don't—I actually don't remember it.

Mr. ROBINSON. Did the company ever pay any dividends on the stock?

(Witness shakes head in negative.)

The CHAIRMAN. Answer so we can hear you.

Mr. SAMELSON. Oh, I beg your pardon—no.

Mr. ROBINSON. That is all.

The CHAIRMAN. Mr. Samelson, when you needed a sum of money to take care of an expense, you would tell Mr. O'Hara or Mr. Burns about it, and the sums would be five or ten thousand dollars at times, wouldn't they?

Mr. SAMELSON. Yes.

The CHAIRMAN. Would they come right in the next day with the money and turn it over to you, or what did they do with it?

Mr. SAMELSON. No. All I would do is tell them they needed the money, and I would not come back to see if they got it, because my visits were limited to once a week or once every week, I mean, as it so demanded, but the next time, my next visit would show that they received the money and the money was deposited into the bank.

The CHAIRMAN. The next visit you would either find a cash deposit or a check deposit to take care of it?

Mr. SAMELSON. And the information as to whom the money came from.

The CHAIRMAN. Now, you started to tell us a few minutes ago that in addition to the Golden Nugget matter in Las Vegas, that you had some other situation where you were trying to get into the wire service in Nevada, didn't you? What was it you were talking about?

Mr. SAMELSON. Oh, no; I stated that the checks, those Recordak checks you showed me were from two different cities, one from Tucson, Ariz., and one from Phoenix. I made no mention of the fact that there was any other service from Las Vegas. I don't recall making any statement like that.

The CHAIRMAN. I thought that when you were looking at the Golden Nugget check, or anyway, the check for \$12,000, that you thought that might have some—might have been some other transaction, other than what it was?

Mr. SAMELSON. I am sorry. I don't remember making any statement like that.

The CHAIRMAN. Did you talk with Bugsy Siegel about this \$12,000 check?

Mr. SAMELSON. I never talked to him. I had never spoken to him. I never met him.

The CHAIRMAN. You knew you were doing business with him at that time?

Mr. SAMELSON. No, sir.

The CHAIRMAN. You did not hear his name until afterward?

Mr. SAMELSON. I did not hear his name until just recently, with all of this business with the Senate committee coming up.

The CHAIRMAN. Now, the actual wire system, where did you say that was operated?

Mr. SAMELSON. I didn't say.

The CHAIRMAN. Did you know where it was operated?

Mr. SAMELSON. I said I didn't know where it was operated from.

The CHAIRMAN. It wasn't operated from the office you were in?

Mr. SAMELSON. No, it wasn't operated from the office.

The CHAIRMAN. How would you miss knowing where the wire service was actually operated? If you were keeping the books and records, wouldn't you generally have that information?

Mr. SAMELSON. I wouldn't be interested in that, sir. I mean, after all, I was in there primarily to see—and I made this very clear to Mr. Robinson—that I was in there to see that taxes were paid to whomever it was necessary to pay them.

And that the records of the company were kept in accordance with accounting regulations, and the State laws and the Federal laws. I was not interested in any other opportunity—

The CHAIRMAN. Yes.

Mr. SAMELSON (continuing): Any other operations of the company.

The CHAIRMAN. I am not asking you whether you were interested, but you knew that there was, of course, the actual wire service operation somewhere. You knew that you were sending out money and checks to people in distant cities to get the racing information, and you knew that it had to be coming into a central point where you also paid some employees there.

I just thought as a matter of general information that you would know where the office was.

Mr. SAMELSON. It seems rather peculiar, and all that, now that you bring it up in such a way. But, actually, I made at no time any—I gave no interest in it whatsoever, as to where the service was coming from and what they were actually doing.

I mean, I swore to speak everything of the truth, and I actually state that I asked no questions regarding it, and I knew nothing about where the service was coming from.

The CHAIRMAN. Well, did it arouse your suspicion when you were told you were to see about the taxes and the bookkeeping, and this other business isn't any part of your concern? Did that arouse your suspicion?

Mr. SAMELSON. No, for this reason: I told Mr. Robinson that I have a lot of faith in my brother-in-law, Mr. Bernstein, and that he asked me to take care of the books and records, and what I was to do.

I gave him all the information that he asked for, and that is as far as my job went, and as far as my interest in it was concerned.

The CHAIRMAN. Yes. Mr. Bernstein originally set up the books, didn't he, or did you set them up in the beginning?

Mr. SAMELSON. No, the books were set up when I got there. I had to do some work on them in the beginning because of the fact that they were not set up in accordance with my methods of doing it.

There was a cash receipts and cash disbursements journal, but not in the way that I set up my own kinds of receipts and disbursements.

Therefore, in the very beginning it was all cash, and it was just set down as cash in and out, without any detail as to the source of income and expense.

The CHAIRMAN. Were you paid by Mr. Bernstein or by Trans-American?

Mr. SAMELSON. I was paid by Trans-American.

The CHAIRMAN. Do you mind telling us what your salary was?

Mr. SAMELSON. It was a ridiculously low salary. It was only \$15 for a visit.

The CHAIRMAN. \$15 a visit?

Mr. SAMELSON. \$15 a visit.

The CHAIRMAN. All right. That is all. Thank you, sir.

(Witness excused.)

The CHAIRMAN. Who is next?

Mr. HALLEY. Mr. Ed Lenz.

Mr. KILEY. Mr. Lenz is not here.

Mr. HALLEY. Why isn't he here? Are you sure Lenz is not here?

Mr. KILEY. Mr. Lenz is not here.

The CHAIRMAN. Where is Mr. Lenz?

Mr. HALLEY. He is not here.

The CHAIRMAN. Mr. Lenz is under subpoena. We will instruct the staff and the marshal to get word to him that he is wanted immediately.

Mr. HALLEY. Is Serritella here?

Mr. KILEY. No, he is on his way over.

Mr. HALLEY. He is on his way over.

We will take Robert Egner in the meantime.

Mr. STABELL. Could I ask a question here at this time?

The CHAIRMAN. What is your name?

Mr. SABELL. Leif Stabell.

The CHAIRMAN. Are you an attorney, or what are you representing?

Mr. STABELL. What?

The CHAIRMAN. I say, who are you representing?

Mr. STABELL. Well, I represent, I think, the big majority of the people in the United States.

The CHAIRMAN. Suppose you talk to some member of the staff and let's see what it is you want to talk about. Have a seat for the time being, sir.

**TESTIMONY OF ROBERT EDWARD EGNER, CHICAGO, ILL.,
ACCOMPANIED BY JOSEPH G. FINNERTY, ATTORNEY**

The CHAIRMAN. Mr. Egner, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. EGNER. I do.

The CHAIRMAN. Mr. Counsel, what is your name?

Mr. FINNERTY. Joseph G. Finnerty.

The CHAIRMAN. You are representing Mr. Egner?

Mr. FINNERTY. That is right.

Mr. HALLEY. What is your full name?

Mr. EGNER. Robert Edward Egner.

Mr. HALLEY. Where do you live?

Mr. EGNER. 7202 Princeton Avenue.

Mr. HALLEY. What city is that in?

Mr. EGNER. Chicago.

Mr. HALLEY. Where do you work?

Mr. EGNER. Howard Sporting News.

Mr. HALLEY. Please speak up so we can hear you. Where is that located?

Mr. EGNER. In Baltimore.

Mr. HALLEY. What is your job for Howard Sporting News?

Mr. EGNER. To get the race results out of the race track.

Mr. HALLEY. You are a wig-wag man?

Mr. EGNER. Yes, sir.

Mr. HALLEY. How long have you been in that type of work?

Mr. EGNER. About 3½ or 4 years.

Mr. HALLEY. Just what does this wig-wag work involve? Would you describe your job to the committee?

Mr. EGNER. Well, we call the race results. In other words, the line out, the prices on the board, and then we call the winner, how they finished after the race, out on the telephone, out of the race track.

Mr. HALLEY. The last place you worked just before this committee subpoenaed you, was that at Garden State race track?

Mr. EGNER. That is right.

Mr. HALLEY. In Camden?

Mr. EGNER. That is right.

Mr. HALLEY. I show you a batch of photographs of a building called the Show Place, and ask you if you recognize that?

Mr. EGNER. Yes, sir.

Mr. HALLEY. Is the Show Place a place from which you observe the operations at the track?

Mr. EGNER. That is right, sir.

Mr. HALLEY. I offer in evidence the pictures of this Show Place, showing the wig-wagging going on, on the roof.

The CHAIRMAN. Let these pictures, a batch of about 11 pictures, be marked "Exhibit No. 51."

(The pictures were marked "Exhibit No. 51," and is on file with the committee.)

Mr. HALLEY. Mr. Egner, did you have a crew working at the Show Place besides yourself?

Mr. EGNER. Yes, sir.

Mr. HALLEY. Who were the other people?

Mr. EGNER. The other fellow was Dick Mangan.

Mr. HALLEY. Was anyone else out at the Show Place?

Mr. EGNER. No; just the two of us.

Mr. HALLEY. You telephoned your report?

Mr. EGNER. That is right.

Mr. HALLEY. To somebody else?

Mr. EGNER. That is right.

Mr. HALLEY. Who was he?

Mr. EGNER. I get a number in Baltimore, and I telephoned the number in Baltimore. I get the news and give it to Dick, and Dick was downstairs in the telephone, he would call up and call it in.

Mr. HALLEY. You stand out here on the balcony, is that right?

Mr. EGNER. That is right.

Mr. HALLEY. And you would watch the operation?

Mr. EGNER. That is right.

The CHAIRMAN. What race track was that you were watching?

Mr. EGNER. Garden State race track.

The CHAIRMAN. Where is that?

Mr. EGNER. Camden, N. J.

Mr. HALLEY. They won't let you in the race track; is that right?

Mr. EGNER. We go in the track, too; but when we can see from the outside we don't go in.

Mr. HALLEY. If you were caught in the track you either would be arrested or thrown out; is that right?

Mr. EGNER. Not arrested; just asked to leave.

Mr. HALLEY. Asked to leave?

Mr. EGNER. That is right, and I was in the race track also. I go in sometimes and get the scratches and bring them back out, and the changes, because the boys sometimes couldn't see them.

Mr. HALLEY. Then you would wigwag at Mangan?

Mr. EGNER. No.

The CHAIRMAN. How far is this from the post board?

Mr. EGNER. Roughly, 250 yards, or a little better.

Mr. HALLEY. Couldn't you see the "tote" board from here?

Mr. EGNER. Yes, sir; with glasses.

Mr. HALLEY. How would you get the news down to Mangan?

Mr. EGNER. I would walk down and give it to him. In other words, I would get it and go downstairs and give it to him, and he would call on the telephone.

Mr. HALLEY. You didn't use any signal system?

Mr. EGNER. Not at Garden State.

Mr. HALLEY. When were you first employed to do any wigwag work?

Mr. EGNER. Three and one-half or four years ago, I would say. I don't remember. In February, I guess it was, 1947 or 1948.

Mr. HALLEY. 1947, I believe you said.

Mr. EGNER. 1947, I believe; I don't remember the exact date.

Mr. HALLEY. You had a talk with a Mr. Martin of our staff; did you not?

Mr. EGNER. No, sir; I talked to Mr. Rice.

Mr. HALLEY. Mr. Rice?

Mr. EGNER. Yes, sir.

Mr. HALLEY. And I believe you said at that time that you went to work in January of 1947?

Mr. EGNER. Yes, sir; I believe so.

Mr. HALLEY. Is that about right?

Mr. EGNER. I believe that is right.

Mr. HALLEY. Mr. Rice and Mr. Martin and some others found you out at the race track?

Mr. EGNER. That is right.

Mr. HALLEY. And they just walked over and asked you what your name was?

Mr. EGNER. That is right.

Mr. HALLEY. And asked you to give a statement?

Mr. EGNER. That is right.

Mr. HALLEY. And you gave it voluntarily and freely?

Mr. EGNER. That is right.

Mr. HALLEY. Thank you. Who employed you in Continental Press; do you recall?

Mr. EGNER. Walter Lloyd.

Mr. HALLEY. Please talk up.

Mr. EGNER. Walter Lloyd. I met one of the kids in the neighborhood; he introduced me to Walter Lloyd. He was looking for someone to go to work, and I went to work. Walter Lloyd was the man that put me to work.

Mr. HALLEY. What had you done before 1947?

Mr. EGNER. I was in the service, and then I was an apprentice plumber for about a year.

Mr. HALLEY. How old are you?

Mr. EGNER. Twenty-six.

Mr. HALLEY. And you have never been in trouble?

Mr. EGNER. No, sir.

Mr. HALLEY. How long did you work for Continental Press?

Mr. EGNER. I don't remember exactly, sir.

The CHAIRMAN. You mentioned that Walter Lloyd employed Mr. Egner, and he had some man with some connection with Continental Press. What do the records show in that connection?

Mr. HALLEY. We have a list of the employees, past and present, of Continental, and Walter P. Lloyd, Jr., shows on that list as chief operator.

The CHAIRMAN. Chief operator?

Mr. HALLEY. Yes, with a salary of \$13,025 per year.

The CHAIRMAN. Is that Walter P. Lloyd that employed you?

Mr. EGNER. I don't know. Walter Lloyd is what I know him as.

The CHAIRMAN. Where did you see him, and where did you get in touch with him?

Mr. EGNER. I saw him downtown.

The CHAIRMAN. Where? You mean in Chicago?

Mr. EGNER. Yes, sir. I am from Chicago, and that is where I met him.

The CHAIRMAN. I know you are.

Mr. EGNER. He told me—he wanted to know if I would get the news results out at the race track.

The CHAIRMAN. Somebody had to recommend you to him.

Mr. EGNER. That is right. Bill, another kid in the neighborhood, was working for the Illinois Sporting Goods, I believe, and he said that he heard that they were looking for somebody.

The CHAIRMAN. Then you came downtown and met Mr. Lloyd?

Mr. EGNER. That is right, sir.

The CHAIRMAN. Where did you meet him?

Mr. EGNER. I believe it is Dearborn Street.

The CHAIRMAN. In an office?

Mr. EGNER. Yes, sir.

The CHAIRMAN. What sort of office? Whose office was it? What was the name of that office that you went into?

Mr. EGNER. I couldn't tell you, sir.

The CHAIRMAN. Was it in an office building?

Mr. EGNER. Yes; in an office building.

The CHAIRMAN. You went up on an elevator?

Mr. EGNER. Yes, sir.

The CHAIRMAN. Was it a large office?

Mr. EGNER. No; it was just—I don't know whether you would call it a big office.

The CHAIRMAN. There were several people there?

Mr. EGNER. No. The only one there was Walter Lloyd at the time I mentioned seeing about—

The CHAIRMAN. What did he tell you?

Mr. EGNER. He asked me—

The CHAIRMAN. Go ahead.

Mr. EGNER. He asked if I wanted to get the race results at the race track. He explained to me what I had to do, so I told him yes.

The CHAIRMAN. Well, what salary did he say you would get?

Mr. EGNER. Well, first of all it was \$60 a week and then I got \$75 later.

The CHAIRMAN. Did he tell you it would go up after you were trained?

Mr. EGNER. Yes, sir.

The CHAIRMAN. He told you it would go up to \$75?

Mr. EGNER. Yes, sir.

The CHAIRMAN. Did you have a period of training?

Mr. EGNER. Yes, sir.

The CHAIRMAN. Will you describe what happened during the first 2 or 3 months you worked for Continental?

Mr. EGNER. Well, we went through a series of signals that meant different winners and so forth.

The CHAIRMAN. Where were you trained—at what tracks?

Mr. EGNER. Well, out here at—we weren't trained at any track.

The CHAIRMAN. Well, didn't you go out to the track for practice?

Mr. EGNER. No, no; I didn't.

The CHAIRMAN. Where were you trained?

Mr. EGNER. Right there in the office.

The CHAIRMAN. Who trained you?

Mr. EGNER. A fellow by the name of Bill Walsh, I believe his name was.

The CHAIRMAN. What are the signals? Can you give the committee an idea of how the signaling worked?

Mr. EGNER. Well, movement of your hands.

The CHAIRMAN. Show us how they do. Let's see a demonstration.

Mr. EGNER. Putting your hands up to your head; putting your hand up to your head like this [indicating].

Mr. HALLEY. Suppose No. 3 horse wins, how do you show it?

Mr. EGNER. Like this, put your hand on your shoulder.

Mr. HALLEY. Suppose No. 3 comes in second?

Mr. EGNER. Well, you would give the one that ran first, then the one that ran second, you would give that second.

Mr. HALLEY. I see. What would be the signal for No. 1 horse?

Mr. EGNER. You mean the No. 1 horse won?

Mr. HALLEY. Suppose they came in 1, 2, 3, in that order, No. 1, No. 2, and No. 3?

Mr. EGNER. Then you would go one, two, three [indicating].

Mr. HALLEY. In other words, for No. 1 horse you would touch your right shoulder with your right hand?

Mr. EGNER. That is right.

Mr. HALLEY. For No. 2 you would touch your chest with your right hand?

Mr. EGNER. Yes, sir; that is right.

Mr. HALLEY. And for No. 3 horse you would touch your left shoulder with your right hand?

Mr. EGNER. That is right.

Mr. HALLEY. How would you show the odds?

Mr. EGNER. The same way, show numbers, the same way. In other words, if the horse was two, you would say "Two."

Mr. HALLEY. Suppose No. 1 horse won and paid \$7.30 on a ticket, how would you show that?

Mr. EGNER. I send a seven and a three. A seven and a three.

Mr. HALLEY. Would you do that immediately after the winner, or would you first go through the horses as they came in?

Mr. EGNER. They put the winner on the board first, and then you have to wait until the race is official.

Mr. HALLEY. Then what would you do?

Mr. EGNER. Then I would send a seven and a three, paid \$7.30.

Mr. HALLEY. Then would you go to the second horse?

Mr. EGNER. That is right; yes, sir.

Mr. HALLEY. And give the odds immediately after the second horse?

Mr. EGNER. Yes, sir.

Mr. HALLEY. What happens if you get mixed up and send out the wrong figures?

Mr. EGNER. They usually have somebody other than that checking, too. Like we used to walk in and check one against ourselves. In other words, it takes longer that way.

Mr. HALLEY. Do you ever phone the information out from the track?

Mr. EGNER. No, sir; there is no telephone on the track.

Mr. HALLEY. You can't do that at all?

Mr. EGNER. No public phone; no sir.

The CHAIRMAN. Where do you stand when you are inside the track giving the signals?

Mr. EGNER. Where?

The CHAIRMAN. You have to be sure you are standing where they can see you from where you are looking.

Mr. EGNER. At Garden State, if you couldn't see the board, we could stand where they could see us from the show bar.

The CHAIRMAN. Do you wear a particular hat or shirt so they will know you?

Mr. EGNER. No, sir.

The CHAIRMAN. You know by the signals back and forth that you have made contact?

Mr. EGNER. Yes, sir.

Mr. HALLEY. Now you get checks from Continental Press during this period?

Mr. EGNER. When I started?

Mr. HALLEY. Yes.

Mr. EGNER. Yes, sir; I did.

Mr. HALLEY. You were paid in check and not by cash?

Mr. EGNER. Yes, sir.

Mr. HALLEY. Now, then, after your training period, did you work around Chicago at all?

Mr. EGNER. Yes, sir. First of all, I went to Miami.

Mr. HALLEY. First to Miami?

Mr. EGNER. Yes, sir.

Mr. HALLEY. About what period was that—the winter of 1947?

Mr. EGNER. That is right.

Mr. HALLEY. For whom did you work while you were in Miami?

Mr. EGNER. I don't remember whether it was Continental Press. I believe it was.

Mr. HALLEY. Continental Press?

Mr. EGNER. I believe it was.

Mr. HALLEY. Who sent you to Miami? Who gave you the order to go there?

Mr. EGNER. Walter Lloyd.

Mr. HALLEY. In Miami, who did you work for?

Mr. EGNER. Continental Press, I believe.

Mr. HALLEY. Who was your boss down there?

Mr. EGNER. Roscoe.

Mr. HALLEY. Roscoe. What tracks did you work in Miami?

Mr. EGNER. I just worked—I went to Tampa first and then I went to Hialeah and then I came back to Chicago.

Mr. HALLEY. Do you know Roscoe's full name?

Mr. EGNER. Roscoe O'Dell, I believe.

Mr. HALLEY. During all this period you were working for Continental?

Mr. EGNER. I believe so.

Mr. HALLEY. But there came a point at which you went off Continental's payroll onto the payroll of Illinois; is that right?

Mr. EGNER. That is right.

Mr. HALLEY. How did that come about? Did you talk about it with anyone?

Mr. EGNER. No; I just—Walter told me to come to Chicago and I automatically—the check just changed.

Mr. HALLEY. Who told you to come to Chicago?

Mr. EGNER. Walter Lloyd.

Mr. HALLEY. Walter Lloyd?

Mr. EGNER. That is right.

Mr. HALLEY. You were working then in Chicago?

Mr. EGNER. That is right.

Mr. HALLEY. About Sportsman's Park, Hawthorne?

Mr. EGNER. That is right.

Mr. HALLEY. While you were working in Chicago, your checks were from Illinois; is that right?

Mr. EGNER. I believe so, sir; Yes, sir.

The CHAIRMAN. Get it straight.

Mr. HALLEY. Who was your boss at that point?

Mr. EGNER. At that time, Walter Lloyd.

Mr. HALLEY. He was still your boss?

Mr. EGNER. That is right.

Mr. HALLEY. But Illinois Sporting News was paying your salary?

Mr. EGNER. No; Walter Lloyd told me to come to Chicago, and then he told me a man by the name of Roger Tierney needed somebody to work at the track, and that is how it was.

Mr. HALLEY. And that Tierney brought you out after that?

Mr. EGNER. Yes. He'd tell me—he'd tell me where to work.

Mr. HALLEY. Where did you meet Tierney?

Mr. EGNER. At the track.

Mr. HALLEY. Well, who introduced you to him? Who introduced you to Tierney?

Mr. EGNER. Walter.

Mr. HALLEY. Walter Lloyd?

Mr. EGNER. That is right.

Mr. HALLEY. Right at the track?

Mr. EGNER. No; he told me to go over and meet him. Was—who it was exactly—but he told me that Roger needed a man on the track to work——

Mr. HALLEY. Tierney was in charge at the track in Chicago?

Mr. EGNER. That is right; for the track——

Mr. HALLEY. Just which track was this?

Mr. EGNER. Sportsman's.

Mr. HALLEY. Sportsman's?

Mr. EGNER. Yes.

Mr. HALLEY. And from that time on your checks were simply coming from Illinois?

Mr. EGNER. I believe so.

Mr. HALLEY. You were doing the same work?

Mr. EGNER. That is right, the same kind of work.

Mr. HALLEY. You were going to say something?

Mr. EGNER. I don't remember about them checks because it changed in there, but I don't remember when.

Mr. HALLEY. You mean the change to Howard Sports?

Mr. EGNER. Well, that was—that came in later.

Mr. HALLEY. How did it change?

Mr. EGNER. Well, Walter said that they needed a news man in Baltimore, and they were going to—they said, "You go there and they will put you to work." It was because they needed somebody to get the news out at the race track and that they weren't going to handle it any more like that.

Mr. HALLEY. This was Walter Lloyd again?

Mr. EGNER. Yes.

Mr. HALLEY. Where did you see him when he told you to go to Baltimore?

Mr. EGNER. In Chicago.

Mr. HALLEY. Where?

Mr. EGNER. Over here on Dearborn, in that office, the place I met him to begin with.

Mr. HALLEY. You mean at the offices of Continental?

Mr. EGNER. That is right.

Mr. HALLEY. And he told you you would go to work in Baltimore?

Mr. EGNER. Yes; he told me they weren't going to handle any more news, that I would go to Baltimore.

Mr. HALLEY. Did he say what your salary would be and your expenses?

Mr. EGNER. The same as before. He didn't say anything about it, but they were the same.

Mr. HALLEY. Did you ask about your traveling expense if you had to go to Baltimore?

Mr. EGNER. No. I just——

Mr. HALLEY. You just what?

Mr. EGNER. Went; yes.

Mr. HALLEY. And when you got there you found you were getting the same salary?

Mr. EGNER. Yes, sir.

Mr. HALLEY. And there you were working for Howard Sport News?

Mr. EGNER. That is right.

Mr. HALLEY. And have you been working for Howard Sport ever since?

Mr. EGNER. Yes, sir.

Mr. HALLEY. And doing the same work?

Mr. EGNER. Yes, sir.

Mr. HALLEY. When was that last transfer to Howard Sport; do you remember?

Mr. EGNER. Roughly I would say somewhere around the first of 1949 or somewhere. I believe it was the first of 1949. I don't remember the exact date, because the check just changed, that is all, and the date—what it was I don't recall.

Mr. HALLEY. Well, would it be fair to say that, since the beginning of 1947 right up to December of this year, you have been doing the same kind of work?

Mr. EGNER. Yes, sir; ever since I started; with the same kind of work.

Mr. HALLEY. And that almost automatically if not—certainly without any action on your part, your employer changed from Continental to Illinois to Howard Sports?

Mr. EGNER. Yes, sir; they would tell me each time to go see somebody else.

Mr. HALLEY. You say they would tell you. In each case it was Lloyd; is that right?

Mr. EGNER. That is right. You see, he said that they weren't going to handle the news any more like that.

Mr. FINNERTY. Don't say "they."

Mr. EGNER. Lloyd. Lloyd.

Mr. HALLEY. He meant Lloyd.

Mr. EGNER. Walter told me that they weren't going to handle the news, that I should go to see the fellow in Baltimore.

Mr. HALLEY. And who did you go to see in Baltimore?

Mr. EGNER. Mr. Bilson.

Mr. HALLEY. Bilson?

Mr. EGNER. Bilson Ing.

Mr. HALLEY. Bilson Ing?

Mr. EGNER. That is right.

Mr. HALLEY. His first name is Bilson?

Mr. EGNER. Yes.

Mr. HALLEY. His second name is I-n-g?

Mr. EGNER. That is right.

Mr. HALLEY. Was he in charge in Baltimore?

Mr. EGNER. I don't know. At that time Roscoe O'Dell would tell me where to go to work.

Mr. HALLEY. O'Dell was the crew chief in Baltimore; is that right?

Mr. EGNER. Yes.

Mr. HALLEY. He was in charge of the wigwagging?

Mr. EGNER. That is right.

Mr. HALLEY. Was it he who made the arrangements at the Show Place for you?

Mr. EGNER. Yes. I don't know who made the arrangements—

Mr. HALLEY. That is the place [indicating picture]?

Mr. EGNER. He is the one who told me, "Go out there and go to work."

Mr. HALLEY. Who paid the Show Place for the use of their premises; do you know?

Mr. EGNER. No, sir; I was just told to go to work.

Mr. HALLEY. You didn't make any arrangements to pay them?

Mr. EGNER. No, sir.

Mr. HALLEY. Where did you get your field glasses?

Mr. EGNER. Roscoe gave them to me.

Mr. HALLEY. Roscoe?

Mr. EGNER. Yes.

Mr. HALLEY. Roscoe who?

Mr. EGNER. O'Dell.

Mr. HALLEY. Roscoe O'Dell; and who gave you the telephone number to call in Baltimore?

Mr. EGNER. Roscoe O'Dell.

Mr. HALLEY. And he gave you in effect all of your instructions; is that right?

Mr. EGNER. That is right.

Mr. HALLEY. Are you still on the payroll of Howard Sports?

Mr. EGNER. Yes, sir.

Mr. HALLEY. Have you ever gone to Florida working for Howard Sports?

Mr. EGNER. Yes, sir.

Mr. HALLEY. When were you in Florida working for Howard Sports?

Mr. EGNER. I believe it was last winter.

Mr. HALLEY. Through the winter of 1950?

Mr. EGNER. Yes, sir.

Mr. HALLEY. Were you there the year before that?

Mr. EGNER. I believe I was. No; I went to New Orleans, I believe, then, before that.

Mr. HALLEY. You were in New Orleans before that?

Mr. EGNER. I believe so.

Mr. HALLEY. Working for Howard Sports, too?

Mr. EGNER. No; I believe I was on Illinois Sporting News' payroll then.

Mr. HALLEY. During what period was that?

Mr. EGNER. I don't remember the—was it in—I believe it was in 1948.

Mr. FINNERTY. It was prior to your coming on the Howard payroll.

Mr. EGNER. Yes.

Mr. HALLEY. That was before you went to work for Howard?

Mr. EGNER. That is right, sir.

Mr. HALLEY. Since you worked for Howard where have you reported the news?

Mr. EGNER. From Florida, Baltimore, and Jersey and Delaware, I believe.

Mr. HALLEY. In each case has O'Dell been your boss?

Mr. EGNER. That is right.

Mr. HALLEY. Was O'Dell your boss when you were with Continental?

Mr. EGNER. No.

Mr. HALLEY. No further questions.

The CHAIRMAN. Mr. Robinson?

Mr. ROBINSON. No questions.

The CHAIRMAN. Mr. Egner, when you went from one place to the other upon the instructions of Mr. Lloyd did you carry letters of introduction or did he just tell you who to go to see?

Mr. EGNER. He would just tell me who to go to see.

The CHAIRMAN. But when you got to the new place did they act as if they were expecting you?

Mr. EGNER. No; he asked me did I know how to get the news out of the race track.

The CHAIRMAN. No; what I mean is, when you left here and went to Howard Sports in Baltimore you reported to somebody there, didn't you?

Mr. EGNER. Mr. O'Dell and Mr. Bilson. See, Mr. O'Dell took me up to see Mr. Bilson. He said, "This man can get news out of the race track."

The CHAIRMAN. What I mean is that, when you got there and saw Mr. O'Dell, Mr. O'Dell knew you were coming, didn't he?

Mr. EGNER. Yes; I imagine so. He told me, I don't know—he told me where to go to get to meet him.

The CHAIRMAN. When you came up and introduced yourself just as Robert Egner, he said, "Oh, yes; I knew you were coming?"

Mr. EGNER. He said, "Yes, I heard about you. You can get the news out of the track."

The CHAIRMAN. Well, you understood, then, that a Mr. Lloyd or somebody had gotten in touch with him to advise him that you were coming, that you were going to report for work there?

Mr. EGNER. I guess so.

The CHAIRMAN. Yes. How about your hotel? Where did you stay when you went to Baltimore?

Mr. EGNER. I usually stayed at the Mount Royal Hotel.

The CHAIRMAN. Well, is that where the other fellows stayed, too?

Mr. EGNER. Well, Dick and I always stayed there.

The CHAIRMAN. Who made your reservations——

Mr. EGNER. We did.

The CHAIRMAN. Who suggested you stay there?

Mr. EGNER. Well, I just stayed there. I don't know. No reason in particular.

The CHAIRMAN. You just found where the other fellows were staying or Dick was staying and you stayed there?

Mr. EGNER. Well, the other hotels you can't afford to stay in. They want \$7 a day, and in there I could get in there for less money, so I would stay there.

The CHAIRMAN. You would stay there when you were working at the Show Place at Camden?

Mr. EGNER. No.

The CHAIRMAN. You stayed there while you were working the tracks around Baltimore?

Mr. EGNER. Yes, sir.

The CHAIRMAN. How about Delaware Park at Wilmington? Did you——

Mr. EGNER. No, sir; I stayed in Baltimore for that.

The CHAIRMAN. You just went up there during the day?

Mr. EGNER. Yes, sir.

The CHAIRMAN. When you were at Camden you stayed at Camden or Philadelphia?

Mr. EGNER. I stayed in Camden.

The CHAIRMAN. You worked on both ends of this, both the receiving and the wig-wagging, haven't you, or have you?

Mr. EGNER. Yes, sir.

The CHAIRMAN. You worked in New Orleans. What is the track there?

Mr. EGNER. New Orleans race track, I guess; Fair Grounds.

The CHAIRMAN. Fair Grounds, isn't it?

Mr. EGNER. Yes, sir.

The CHAIRMAN. What other tracks have you worked at?

Mr. EGNER. Fair Grounds, and Florida. Maryland——

The CHAIRMAN. Let me see, now. What tracks in Florida have you worked in? Hialeah?

Mr. EGNER. Yes.

The CHAIRMAN. What else?

Mr. EGNER. Tropical Park, Gulf Stream Park——

The CHAIRMAN. Gulf Stream Park—where is that?

Mr. HALLEY. That is in Florida.

Mr. EGNER. Yes; it is in Florida. It is in Florida, but it is not in Miami. It is like a suburb.

The CHAIRMAN. Yes.

Mr. HALLEY. It is out on the other side.

The CHAIRMAN. Did you work at Tampa?

Mr. EGNER. Yes, sir.

The CHAIRMAN. What track did you work at, there?

Mr. EGNER. Tampa. I guess it was Tampa. It was outside of Tampa.

The CHAIRMAN. Who were you working for when you were working at Tampa?

Mr. EGNER. Offhand I don't remember. See, I changed and I don't remember when or who it was.

The CHAIRMAN. When you went to Miami the first time did Mr. Lloyd tell you who to report to or where to go to?

Mr. EGNER. Yes, sir.

The CHAIRMAN. Who did he tell you to get in touch with?

Mr. EGNER. Mr. O'Dell.

The CHAIRMAN. And where did you find Mr. O'Dell?

Mr. EGNER. Well——

The CHAIRMAN. Did he tell you Mr. O'Dell's address, where you could locate him?

Mr. EGNER. No. He said there are other fellows there. "Go see them," and Roscoe came and picked us up.

The CHAIRMAN. Where did he tell you to go to when you went to Miami?

Mr. EGNER. North River Drive. Two fellows had an apartment there.

The CHAIRMAN. Well, were they looking for you when you got out there?

Mr. EGNER. That is right.

The CHAIRMAN. They were expecting you?

Mr. EGNER. That is right.

The CHAIRMAN. Do you remember their names?

Mr. EGNER. Let's see, Kelly and Rowan.

The CHAIRMAN. Do you know the first name?

Mr. EGNER. Bill.

The CHAIRMAN. Bill Kelly and Bill Rowan.

Mr. EGNER. And Kenny Kelly.

The CHAIRMAN. Kenny Kelly?

Mr. EGNER. Yes.

The CHAIRMAN. Did they work at this——

Mr. EGNER. Relaying the information. They were working for Roscoe.

The CHAIRMAN. What was the time that you first went to Florida, do you recall?

Mr. EGNER. February.

The CHAIRMAN. Of 1949?

Mr. EGNER. No; it was before that. I don't remember. I believe it was when I first started I went there.

The CHAIRMAN. When you got there, did you hear something about the State of Florida having passed a law with reference to a wire service that you couldn't phone from the track to some place in Florida? Did you hear something about some law the State of Florida had passed?

Mr. EGNER. No, sir.

Mr. FINNERTY. What year do you have reference to? This boy has been down there——

The CHAIRMAN. That law, I believe, was in——

Mr. HALLEY. Early 1949.

The CHAIRMAN. January 1949, I believe.

Mr. HALLEY. It became law in January 1949.

The CHAIRMAN. Did you hear some discussion about that Florida law at some time when you were in Florida?

Mr. EGNER. No, sir; I didn't.

The CHAIRMAN. You were told what to do?

Mr. EGNER. All they told me to do, "Look at the board," like I was doing down-State.

The CHAIRMAN. How did you operate in Florida? You were on the inside of the track?

Mr. EGNER. Yes, sir.

The CHAIRMAN. Out at Hialeah, were you on the inside of the track there?

Mr. EGNER. Yes, sir.

The CHAIRMAN. And who did you signal to? Where did you signal to on the outside of Hialeah?

Mr. EGNER. They had a shack like, over back of the track, and I would stand where they could see me.

The CHAIRMAN. They had a shack at the back of the track?

Mr. EGNER. Yes.

The CHAIRMAN. At one of those places, didn't they have somebody in the tree that you would signal to? Wasn't the person getting news from you on one of those occasions up in a tree?

Mr. EGNER. No; not where I was.

The CHAIRMAN. You never have signaled anybody in a tree?

Mr. EGNER. No.

The CHAIRMAN. Always in a shack?

Mr. EGNER. Shack, some place where you could see and be seen at the race track.

The CHAIRMAN. Do you know where the news was telephoned to in Florida?

Mr. EGNER. No; because I was in the track.

The CHAIRMAN. Weren't you in the telephone part at one time?

Mr. EGNER. I was that day at Garden State. I did the same thing. I looked at the board, then I would give it to Dick and he calls. In Florida, I just send out who won the race, one, two, three, and that is all.

The CHAIRMAN. Who told you to move over to New Orleans?

Mr. EGNER. As I came back from Florida and worked Chicago, then he told me to go to New Orleans.

The CHAIRMAN. Mr. Lloyd did?

Mr. EGNER. That is right.

The CHAIRMAN. Who did you see when you got to New Orleans?

Mr. EGNER. A guy named Cecil.

The CHAIRMAN. What was his first name or last name?

Mr. EGNER. I don't remember. He took me to the house.

The CHAIRMAN. You mean to his house?

Mr. EGNER. No.

The CHAIRMAN. What house did he take you to?

Mr. EGNER. He took me to the house that we worked out of, showed me how you looked into the race track.

The CHAIRMAN. When you got there was he expecting you? Did he know you were coming?

Mr. EGNER. He told me where to go to see him.

The CHAIRMAN. Did Mr. Lloyd tell you to report to Cecil?

Mr. EGNER. That is right.

The CHAIRMAN. And when you got there, Cecil knew who you were and was expecting you to arrive; is that correct?

Mr. EGNER. That is right.

The CHAIRMAN. Did he take you to some office of some company in New Orleans?

Mr. EGNER. He took me to the place that I worked to see the race track.

The CHAIRMAN. Where did you live in New Orleans?

Mr. EGNER. I lived in a house on Gentilli Boulevard.

The CHAIRMAN. Did somebody else working at the race track live there with you?

Mr. EGNER. That is right.

The CHAIRMAN. Who was that?

Mr. EGNER. Stanley Lapresto.

The CHAIRMAN. How do you spell that, L-a-p-r-e-s?

Mr. EGNER. Yes, t-a or t-o.

The CHAIRMAN. In New Orleans did you operate inside the track or were you on the outside?

Mr. EGNER. No; just like Garden State. We would look in. We didn't have to go inside. We could see from the outside.

The CHAIRMAN. Different people use different methods of signaling. You have your method by touching certain shoulders. Aren't there other methods that you use, too?

Mr. EGNER. No; we always used the signals.

The CHAIRMAN. This Show Place, what is that, a night club or tavern?

Mr. EGNER. A bar, I guess you would call it.

The CHAIRMAN. It is a bar?

Mr. EGNER. Yes; that is right.

The CHAIRMAN. What is upstairs?

Mr. EGNER. I was on the roof. A man lives upstairs, I guess.

The CHAIRMAN. Where was the young man who phoned out the information?

Mr. EGNER. He was downstairs at the telephone.

The CHAIRMAN. This is also a night club and a restaurant?

Mr. EGNER. You can get a sandwich in there.

The CHAIRMAN. It says here "The Show Place, fine food."

Mr. EGNER. Well, I never ate—all I had was maybe a cup of coffee and a sandwich. I never ate there.

Mr. HALLEY. During the last few minutes I have been reading the statement of the interview that Dick Mangan had with Mr. Martin. I note here that he had about the same experience as you did, but he said his training was by Edward Grady at Continental; is that right?

Mr. EGNER. He was there, too.

Mr. HALLEY. Did he help train you?

Mr. EGNER. No; he was there. I don't know what his capacity was there. He was there, but Bill Walsh was the one that showed me the signals.

Mr. HALLEY. I see here that Mangan also said that when he was told to go to Florida, Grady told him to get some train tickets and gave him the money and he went down and bought the tickets and brought the change back to Grady. Was that your experience, too?

Mr. EGNER. That is right.

Mr. HALLEY. Who gave you the money to go to Florida?

Mr. EGNER. Dick had my tickets, too.

Mr. HALLEY. He got your tickets, too?

Mr. EGNER. Yes.

Mr. HALLEY. How is your traveling taken care of these days?

Mr. EGNER. Like when I go to Florida, I write Mr. Bilsen Ing and tell him that my train fare was such and such. When I go from Florida to Baltimore or Maryland, I do likewise again.

Mr. HALLEY. Mr. Chairman, may we have in evidence the interview with Richard M. Mangan by Investigator George H. Martin for the purpose of showing the employment originally by Continental and then the switch-off to Howard Sports News?

The CHAIRMAN. That will be made exhibit No. 52.

(The document is identified as exhibit 52, and appears in the appendix on p. 1396.)

Mr. HALLEY. I have nothing else.

The CHAIRMAN. One further question. Don't any of you boys ever get arrested while you are on the track?

Mr. EGNER. No, sir.

The CHAIRMAN. You just get thrown out?

Mr. EGNER. No, sir; they just ask you to leave. They say they don't want that. But they don't arrest us. They just ask you to leave the race track.

The CHAIRMAN. What were your instructions in case you should get in trouble? Suppose you did get arrested? Did Mr. Lloyd or anybody tell you who to get in touch with or what to do?

Mr. EGNER. No, but they told me there was nothing wrong about it; that there was nothing they could arrest me for.

The CHAIRMAN. Where were you ever told to leave the race track?

Mr. EGNER. Garden State was one of them, and Havre de Grace, in Maryland.

The CHAIRMAN. Where else?

Mr. EGNER. Monmouth Park, N. J.

The CHAIRMAN. How did they happen to apprehend you to know that you were wigwagging?

Mr. EGNER. They would see me do this [indicating].

The CHAIRMAN. Do they keep a watch out?

Mr. EGNER. I guess they do.

The CHAIRMAN. Did you see other people around wigwagging, too?

Mr. EGNER. No. I mean, you would think so if you see somebody rooting or something, doing this [indicating].

The CHAIRMAN. You don't know whether they are cheering or wigwagging, is that the idea?

Mr. EGNER. That is right.

The CHAIRMAN. What I am trying to get at is these different places would think that you and one other person were the only wigwaggers, or do you think there were several?

Mr. EGNER. I don't know. When I worked, I worked.

The CHAIRMAN. You didn't notice anybody else wigwagging?

Mr. EGNER. I didn't look at them anyway.

The CHAIRMAN. Would they sometimes send you in as a team, maybe two of you into a track at the same time?

Mr. EGNER. Oh, yes, yes; that is right.

The CHAIRMAN. So you would know there would be one other person working with you?

Mr. EGNER. He would tell you, "You work the first and the third," and he would tell the other fellow to work the second and the fourth, alternate, taking turns.

The CHAIRMAN. But so far as you knew the information getting out and getting over the wires for whatever purpose it might be used, you and your team were the only people getting it out?

Mr. EGNER. So far as I know.

The CHAIRMAN. All right, sir, that is all.

Mr. Finnerty, I want to express our appreciation to you and your client for the forthright way in which he has tried to help the committee.

Mr. FINNERTY. Thank you, sir. We are here to cooperate and intend to continue. I don't know—

The CHAIRMAN. Are there any matters you want to clarify?

Mr. FINNERTY. No, sir; I think not, except for one thing. You have subpoenaed Mr. Ing. Is it your plan to call him next?

Mr. HALLEY. Not next, but we will try to reach him today.

Mr. FINNERTY. I see.

The CHAIRMAN. You have been so cooperative; if it would be an accommodation to you, we will call him now.

Mr. FINNERTY. I would appreciate it very much, if you could.

Mr. HALLEY. We had intended to call another witness, but we can call Mr. Ing now.

Mr. FINNERTY. I would like to get back to Baltimore, if I may.

The CHAIRMAN. All right. You have been very cooperative with us. We will cooperate with you. So we will call Mr. Ing next.

Mr. FINNERTY. Thank you.

Is this witness excused?

The CHAIRMAN. Yes, sir. Thank you.

(Witness excused.)

The CHAIRMAN. All right. Mr. Ing, will you come around here, please? Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ING. I do.

**TESTIMONY OF BILSON R. ING, BALTIMORE, MD., ACCOMPANIED
BY JOSEPH G. FINNERTY, ATTORNEY**

The CHAIRMAN. Have a seat, Mr. Ing.

Mr. HALLEY. What is your full name?

Mr. ING. Bilson R. Ing.

The CHAIRMAN. That is B-i-l-s-o-n?

Mr. ING. That is right.

Mr. HALLEY. And your address?

Mr. ING. 3412 Parkington Avenue, Baltimore, Md.

Mr. HALLEY. You are vice president of Howard Sports Daily in Baltimore?

Mr. ING. Yes, sir.

Mr. HALLEY. What is the business of Howard Sports Daily?

Mr. ING. Gathering and disseminating of all general and sports news.

Mr. HALLEY. And you send it out over telegraph tickers to various purchasers, is that right?

Mr. ING. That is right—and telephones.

Mr. HALLEY. Do you have a customer in Miami?

Mr. ING. No, sir.

Mr. HALLEY. Have you ever had a customer there?

Mr. ING. Yes, sir.

Mr. HALLEY. What was your customer's name in Miami?

Mr. ING. Walter Keogh.

Mr. HALLEY. Walter Keogh?

Mr. ING. That is right.

Mr. HALLEY. Did you ever do business with William O'Brien in Miami?

Mr. ING. No, sir.

Mr. HALLEY. Or with Intrastate News?

Mr. ING. No, sir.

Mr. HALLEY. At no time?

Mr. ING. No, Walter Keogh is the only gentleman we ever did business with.

Mr. HALLEY. What is Keogh's company?

Mr. ING. That I couldn't tell you.

The CHAIRMAN. Is that K-e-o-g-h?

Mr. ING. Yes, sir.

Mr. HALLEY. You must bill a customer. Didn't you bill a customer in Miami?

Mr. ING. At the time he was a subscriber of ours he sent his check in each week.

Mr. HALLEY. During what period was he a subscriber?

Mr. ING. Oh, that was in, I think, 1948 or 1949.

Mr. HALLEY. 1949?

Mr. ING. I think so.

Mr. HALLEY. During the year 1949?

Mr. ING. Yes, sir.

Mr. HALLEY. And prior to that as well?

Mr. ING. Yes, sir, we had a printer circuit down there at that time.

Mr. HALLEY. Now, I believe—who is Mr. Bilson at Howard Sports?

Mr. ING. He is general manager and secretary and treasurer.

Mr. HALLEY. Harry Bilson?

Mr. ING. That is right.

Mr. HALLEY. Is he related to you?

Mr. ING. Yes, sir.

Mr. HALLEY. Now, you and Mr. Bilson had an interview, did you not, with certain investigators for this committee?

Mr. ING. Yes, sir.

Mr. HALLEY. Mr. Downey Rice?

Mr. ING. Yes, sir.

Mr. HALLEY. And Mr. McCormick, whom I believe you see right there?

Mr. ING. Yes, sir.

Mr. HALLEY. And at that time did you not state to them, or Harry Bilson, that in Miami you did have a customer by the name of William G. O'Brien, that he was the only customer in the State of Florida?

Mr. ING. No. Walter Keogh is the only one.

Mr. HALLEY. Strangely, Walter Keogh's name does not appear on these memoranda.

The CHAIRMAN. Look at your records or books, if you like.

Mr. FINNERTY. Let him refer to his records. I think there are some—get them out, I don't know where they are.

Mr. HALLEY. For the record, I think Keogh was a sort of front man, and we can clear this up. There is no serious disparity.

The CHAIRMAN. All right, sir. Now, do you have your papers?

Mr. ING. Yes, sir.

Mr. HALLEY. Go right ahead.

Mr. ING. Go right ahead?

The CHAIRMAN. Yes, sir; you tell us about it.

Mr. ING. The subscriber, the private wire service that we had down there was Harvey A. Junior, at 136—

The CHAIRMAN. I did not understand. That was to whom?

Mr. ING. Harvey A. Junior, the Daily Sports Digest, 136 Northwest First Court.

The CHAIRMAN. 136 Northwest—

Mr. ING. First Court, Miami, Fla.

The CHAIRMAN. Miami, Fla.?

Mr. ING. Yes, sir. And then the same name at 928 Southwest Tenth Street.

The CHAIRMAN. Harvey A. Junior?

Mr. ING. That is right, the Daily Sports Digest.

Mr. FINNERTY. May I say this, for the purposes of clarity, those are separate printers, or they were separate printers, weren't they?

Mr. ING. Yes, sir.

Mr. FINNERTY. And they were billed in that fashion, weren't they?

Mr. ING. Yes.

Mr. HALLEY. You had an Intrastate News, did you not, and the Dade County News?

Mr. FINNERTY. What was the first name that you used?

Mr. HALLEY. Intrastate. Maybe I can help.

Mr. FINNERTY. Yes, we have it. That is in Jacksonville, however.

Mr. HALLEY. Yes.

The CHAIRMAN. Give the name and the address in Jacksonville.

Mr. ING. 213 West Adams Street.

The CHAIRMAN. Who is the manager, the man you dealt with?

Mr. ING. We didn't deal with him.

Mr. HALLEY. You did not?

Mr. ING. No, sir.

Mr. HALLEY. You never dealt with William O'Brien?

Mr. ING. The checks that were sent were for the whole wire service. They were sent by Mr. Keogh.

Mr. HALLEY. Covering the whole State of Florida?

Mr. ING. That is right.

The CHAIRMAN. But you did send your service to this Intrastate News Service in Jacksonville?

Mr. ING. Yes, sir.

The CHAIRMAN. As you did to other places, but you got a check covering all of the Florida service from one person?

Mr. ING. That is right.

The CHAIRMAN. Was it broken down as to how much was for Jacksonville, and how much for Miami?

Mr. ING. No, sir.

The CHAIRMAN. What was the total amount?

Mr. FINNERTY. You mean net to Mr. Keogh?

The CHAIRMAN. The gross that Mr. Keogh sent you per week.

Mr. ING. A thousand plus 8-percent tax.

Mr. FINNERTY. A thousand and eighty dollars.

The CHAIRMAN. Was that per week?

Mr. ING. Yes, sir.

The CHAIRMAN. All right.

Mr. HALLEY. For the record, may I state that Keogh is also known as William Butsy O'Brien. It is the same man, we understand.

For the record, may I also at this time offer in evidence a letter from the Western Union Telegraph Co.?

It is dated October 6, 1950, addressed to the Honorable Estes Kefauver, and is signed by E. R. Shute, vice president.

The CHAIRMAN. That will be exhibit No. 53.

(The letter is identified as exhibit No. 53, and appears in the appendix on p. 1399.)

Mr. HALLEY. Before going further into the letter from the Western Union, do you recall a period in the early part of 1949 when the wire

service in Miami, in the Miami area, and then in other parts of Florida, was cut off?

Mr. ING. As far as we were concerned, it was never cut off.

Mr. HALLEY. You continued receiving payments throughout the entire period, is that right?

Mr. ING. Yes, sir.

Mr. HALLEY. From Keogh?

Mr. ING. That is right.

Mr. HALLEY. And were you also getting news from the Florida tracks during that period?

During the entire spring, January, February, March, and April of 1949?

Mr. ING. Yes, sir.

Mr. HALLEY. And were you putting that news back on your ticker and sending it out?

Mr. ING. Yes, sir.

Mr. HALLEY. You were sending it to Florida?

Mr. ING. Not Florida, that was Morse wire at that time.

Mr. HALLEY. You were sending it to Florida?

Mr. ING. They would get it at the same time we did, because they were just drop-offs on the one wire.

Mr. HALLEY. From where did the wire go?

Mr. ING. From Florida to our office in Baltimore.

Mr. HALLEY. I see. They would get it on the way to you; you wouldn't send it down again?

Mr. ING. No, sir.

The CHAIRMAN. Who are "they"?

Mr. HALLEY. The Florida drops.

Mr. ING. That is what you said, the Florida drops; yes.

Mr. HALLEY. Who sent it in Florida?

Mr. ING. Our operator at whatever location he was located sending the news to us.

Mr. HALLEY. Your crew in Florida?

Mr. ING. Yes, sir.

Mr. HALLEY. Instead of the news coming up to Baltimore and then going down again, having been edited, it would be just dropped off on its way up to you?

Mr. ING. They got it the same time we did; yes, sir.

Mr. HALLEY. That news kept coming through to you?

Mr. ING. Yes, sir.

Mr. HALLEY. You would from Baltimore sell it to Continental?

Mr. ING. Sir?

Mr. HALLEY. You would from Baltimore send it to Continental in Chicago?

Mr. ING. Yes, sir.

Mr. HALLEY. And Continental was buying it from you?

Mr. ING. That is right.

Mr. HALLEY. At this point, Mr. Chairman, may the record show that the letter from Western Union states as follows:

Applications for additional circuits and drops—

referring to the World's Telegraph Wires and Drops—

were always submitted by the Intrastate News Service in written application form signed by Mr. Walter Haggerty on the part of the lessee.

Did you know Mr. Walter Haggerty?

Mr. ING. No, sir.

Mr. HALLEY (reading):

Request for temporary or permanent disconnections were usually received by Office Manager Julian W. Martin of our Miami main office, from Mr. W. G. O'Brien, Miami representative of the Intra-State News Service.

On the morning of February 28, 1949, Mr. O'Brien of the Intra-State News Service called our office manager, Mr. Martin, at Miami, on the telephone, and requested that the drops at the 13 locations at Miami Beach be temporarily disconnected. This order was complied with in accordance with the request of the lessee, and these circuit drops were disconnected at our Miami central office on that date. Other disconnections were subsequently made at the request of the lessee as indicated in the exhibit.

There is an exhibit here.

The remaining drops and connections on the lease remained intact, for use by the lessee.

It is further reported by Mr. Martin that shortly after March 1, 1949 (probably between the dates of March 1 and March 5), he was deluged with telephone calls from the terminating points of various drops in the greater Miami area (including drops located in Miami Beach and part of Broward County) making inquiries as to what was wrong with their drops as they were receiving no information and the drops appeared to be dead. As no explanation could be given by Mr. Martin, the callers in each case were referred to the Intra-State News Service (lessee), but in practically every instance Mr. Martin was informed by the callers that they had been trying to reach the Intra-State News Service but that no response was received. Mr. Martin reports that in a subsequent telephone conversation with someone at the Intra-State News Service (possibly Mr. O'Brien, but he is not certain that it was Mr. O'Brien) he was told that the reason the various drops were not getting service from them was because of the fact that the key transmitting point of the Intra-State News Service (lessee) had temporarily discontinued the transmission of any information over all circuits and to all drops throughout the entire area.

The fact is during this period you were continuing to get your news from Miami; is that right?

Mr. ING. That is right; yes, sir.

Mr. HALLEY. On the same wire?

Mr. ING. That is right.

Mr. HALLEY (reading):

On March 14 Mr. O'Brien again called Mr. Martin and requested that the circuits to the 13 drops in Miami Beach previously disconnected be reestablished. These drops were reestablished in accordance with the request of the lessee on March 14, 1949. Other drops were subsequently reestablished on request of the lessee, as indicated in the exhibit.

At this time, Mr. Chairman, may the record also show the various materials sent to the committee by Western Union relating to the leased facilities in the Miami area? They have first a sheet of definitions and regulations.

The CHAIRMAN. It will be exhibit No. 54.

(The document referred to was identified as exhibit No. 54, and appears in the appendix on p. 1400.)

Mr. HALLEY. Then an exhibit which they call "Leased circuits used for the dissemination of racing information in the State of Florida during the months of February and March 1949," and showing the discontinuation and the restoration.

Another exhibit which—well, this can all go in as one exhibit.

The CHAIRMAN. It will be marked as "Exhibit No. 55."

(The documents are identified as exhibit No. 55, and appears in the appendix on p. 1401.)

Mr. HALLEY. Mr. Chairman, this exhibit does show the great number of hotels in the Miami area which had the wire service, if you care for the record to show that specifically.

The CHAIRMAN. It seems to have three pages of hotels. Anyway, the record speaks for itself.

Mr. HALLEY. Now you say that at Howard Sports you knew nothing of the cut-off whatsoever?

Mr. ING. No, sir.

Mr. HALLEY. You didn't give any instructions to Keogh or O'Brien, or anyone else?

Mr. ING. No, sir.

Mr. HALLEY. You got no information from him about having cut off any service one way or the other?

Mr. ING. No, sir.

Mr. HALLEY. And you continued receiving your payments for the wire service from Miami and Jacksonville?

Mr. ING. That is right.

Mr. HALLEY. That amount was \$1,080 per week?

Mr. ING. That is right.

Mr. HALLEY. What is the relationship of Howard Sports to Continental Press, Mr. Ing?

Mr. ING. There is none.

Mr. HALLEY. None whatsoever?

Mr. ING. No, sir.

Mr. HALLEY. You have certain contractual relations, though, do you not?

Mr. ING. Oh, yes.

Mr. HALLEY. You provide Continental News with certain information about races which you gather?

Mr. ING. Yes, sir.

Mr. HALLEY. Do they pay you for that?

Mr. ING. They do.

Mr. HALLEY. At what rates? In general what is the arrangement?

Mr. ING. \$400 a day.

Mr. HALLEY. \$400 a day?

Mr. ING. That is right.

Mr. HALLEY. For any day on which you give them news?

Mr. ING. That is right; any tracks we cover.

Mr. HALLEY. Do you have a written contract covering that?

Mr. ING. No, sir.

Mr. HALLEY. There is no written contact?

Mr. ING. No.

Mr. HALLEY. There is no time period during which they could cut you off; is that right?

Mr. ING. Well, yes sir.

Mr. HALLEY. What do you pay Continental News for the news you get from Continental?

Mr. ING. You say what do we pay them?

Mr. HALLEY. Yes. You get some news from them, do you not?

Mr. ING. Yes, sir; we do.

Mr. HALLEY. That is news about tracks in other portions of the country that you don't cover?

Mr. ING. That is right.

Mr. HALLEY. What do you pay Continental?

Mr. ING. Well, there is no fixed rate. We pay after—in other words, we pay all our own operating expenses, executive salaries, and all office salaries, and everything, and then, after a reasonable balance is left, we send in the balance.

Mr. HALLEY. Well, who are your chief executives?

Mr. ING. Harry Bilson, John D. McInerney, and myself.

Mr. HALLEY. Who is president?

Mr. ING. McInerney.

Mr. HALLEY. Mr. McInerney; and Harry Bilson is general manager?

Mr. ING. Yes, sir; and secretary and treasurer.

The CHAIRMAN. Apparently Mr. Ing's testimony is going to take longer than we had anticipated, Mr. Finnerty, so I think at this time we will recess and we will endeavor to get started again at 1:30 this afternoon.

The committee will stand in recess until 1:30.

(Whereupon, at 12:25 o'clock the committee recessed.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

I apologize to all of you here that the committee has followed an old southern custom of being late, and I will try to see that it is not repeated in the future.

Mr. Ing, will you take the stand, please? Where is Mr. Ing, and Mr. Finnerty, his attorney.

Mr. Kuh and Mr. McInerney from the prosecuting attorney's office.

Mr. KUH. Yes, sir.

The CHAIRMAN. We are glad to have you with us here as representatives of the prosecuting attorney's office, or States attorney's office. We will be glad to have you sit up as close as you care to.

All right, gentlemen, let's proceed.

FURTHER TESTIMONY OF BILSON R. ING, BALTIMORE, MD., ACCOMPANIED BY JOSEPH G. FINNERTY, ATTORNEY

Mr. HALLEY. Mr. Ing, I think the last question had to do with the salaries paid to the officers and chief executives of Howard Sports Daily.

Mr. ING. You say how much are the salaries?

Mr. HALLEY. Yes.

Mr. ING. Harry Bilson's is \$150 a week; J. D. McInerney is \$70; and mine is \$80.

Mr. HALLEY. Now do you get certain expense accounts, too, for each of you?

Mr. ING. Mr. Bilson and I both get a car allowance.

Mr. HALLEY. For your automobile?

Mr. ING. Yes, sir.

Mr. HALLEY. You are outside men?

Mr. ING. Well, it is an expense account that we have, if we need it for any trip. or anything.

Mr. HALLEY. Then, in addition to those salaries of \$150, \$70, and \$80, you have your regular expenses of operating Howard News?

Mr. ING. That is right.

Mr. HALLEY. Deducted?

Mr. ING. That is right.

Mr. HALLEY. Then I believe you mentioned that, before remitting to Continental, you also withhold a reasonable amount, I think you said. Now what do you mean by that?

Mr. ING. Just an operating amount, an amount which is reasonable to allow us to start off the next week, to be able to meet any obligations.

Mr. HALLEY. Just enough cash to meet your current obligations; is that right?

Mr. ING. That is right.

Mr. HALLEY. Everything else is remitted to Continental in payment for their service to you; is that right?

Mr. ING. At the end of the year, but we usually send a check each week, in accordance with the balance, so that instead of having a false balance all year of money built up we try to just pay a little bit each week.

Mr. HALLEY. As to the payment of Continental to you, is that deducted from what you give them as a paper transaction, or do they actually pay you the 400 a week?

Mr. ING. No, sir; they pay us the 400 a day.

Mr. HALLEY. Four hundred a day?

Mr. ING. That is right.

Mr. HALLEY. And at the end of each week you have \$2,800 for Continental and—

Mr. ING. Twenty-four hundred.

Mr. HALLEY. Seven times four—oh, only 6 days a week?

Mr. ING. That is right.

Mr. HALLEY. And you have gotten various accounts from other people?

Mr. ING. That is right.

Mr. HALLEY. Now suppose at the end of the week, using a purely hypothetical figure, there is then \$5,000 in the till, including the \$2,400 from Continental?

Mr. ING. That is right.

Mr. HALLEY. You then deduct these expenses you have been talking about?

Mr. ING. Yes, sir.

Mr. HALLEY. Everything else goes back to Continental as payment for that week's wire service; is that right?

Mr. ING. No; a balance is kept there, as I said, to meet current expenses which some weeks would run more than others.

Mr. HALLEY. That is just your working cash?

Mr. ING. That is right.

Mr. HALLEY. Has Howard Sports News ever paid a dividend to its stockholders?

Mr. ING. No, sir.

Mr. HALLEY. Who are the stockholders of Howard Sports News?

Mr. ING. Harry Bilson, Mr. McInerney, and myself.

Mr. HALLEY. Would it be fair to say that Howard Sports News at the end of each fiscal year just breaks even on its transactions by remitting to Continental as payment for the wire service the excess over its expenses?

Mr. ING. I am afraid I did not quite understand that question.

Mr. HALLEY. Well, Howard Sports News does not show a profit, does it?

Mr. ING. Well, no.

Mr. HALLEY. You break even?

Mr. ING. That is right. In other words, we just have each week, as we pay out our expenses, why, we have a certain balance left over to carry us on toward the next week and meet any obligations that we can.

Mr. HALLEY. Who are the stockholders of Howard Sports News?

Mr. ING. Mr. Bilson, Mr. McInerney, and myself.

Mr. HALLEY. In even amounts?

Mr. ING. No, sir. Mr. Bilson has three shares; Mr. McInerney, one; and myself, one.

Mr. HALLEY. What did you each pay for your stock?

Mr. ING. Well, I don't know about them, sir, but, at the time that I became a stockholder in there, I was doing quite a bit of the office work, and they gave me my share of stock.

Mr. HALLEY. As a gift?

Mr. ING. Yes, sir.

Mr. HALLEY. From Mr. Bilson and Mr. McInerney or from someone else?

Mr. ING. No; Mr. Bilson.

Mr. HALLEY. From Mr. Bilson?

Mr. ING. That is right, at the time that the corporation was formed.

Mr. HALLEY. Was it paid-in capital of the corporation?

Mr. ING. I am afraid I can't answer that question.

Mr. HALLEY. Now do you have a contract with Continental requiring you to make these payments each week or is that just the practice?

Mr. ING. No written contract; no, sir.

Mr. HALLEY. It is just the practice?

Mr. ING. That is right. That is the agreement that we made at the time that we started to collect the news.

Mr. HALLEY. When did you first go to work for Howard Sports News?

Mr. ING. I can't remember dates, exactly.

Mr. HALLEY. Roughly?

Mr. ING. I'd say roughly around '39 or '40, I should say, somewhere in there. I don't know. It might have been—I really——

Mr. HALLEY. Would you say about 10 years ago, roughly?

Mr. ING. Oh, yes.

Mr. HALLEY. That would be——

Mr. ING. I have been working for them that long.

Mr. HALLEY. That is fair?

Mr. ING. Yes.

Mr. HALLEY. And where did you work before you went to work for Howard Sports News?

Mr. ING. I worked for the Severin News.

Mr. HALLEY. The Severin News?

Mr. ING. Yes, sir.

Mr. HALLEY. Where were they located?

Mr. ING. In Baltimore.

Mr. HALLEY. Were they a Continental company?

Mr. ING. That I couldn't say.

Mr. HALLEY. Did you ever work for Continental?

Mr. ING. I don't think that was Continental. No, sir; I did not.

Mr. HALLEY. Where did you work before you worked for Severin?

Mr. ING. I worked for Harry Bilson.

Mr. HALLEY. For Harry Bilson?

Mr. ING. Yes, sir.

Mr. HALLEY. And what kind of a business?

Mr. ING. He was in business for himself.

Mr. HALLEY. What kind of a business was that?

Mr. ING. The same business.

Mr. HALLEY. The racing-wire business?

Mr. ING. That is right.

Mr. HALLEY. When did your company make its arrangements with Continental?

Mr. ING. In regard to buying and selling the news?

Mr. HALLEY. Yes.

Mr. ING. At the first of 1949 we got this track crew and made the arrangements to sell the news to Continental for \$400 a day.

Mr. HALLEY. 1949?

Mr. ING. That is right.

Mr. HALLEY. And before that, what was the arrangement of Howard Sports News?

Mr. ING. Well, before that all the news was bought.

Mr. HALLEY. From Continental?

Mr. ING. From Continental, before that.

Mr. HALLEY. And did you still have the same practice of paying to Continental whatever was left over after deducting your operating expenses?

Mr. ING. Yes, sir.

Mr. HALLEY. Do you have a board of directors?

Mr. ING. Just the—just the three stockholders.

Mr. HALLEY. You three?

Mr. ING. Yes.

Mr. HALLEY. Has your board of directors ever considered making a new deal with Continental whereby you would keep your own profits?

Mr. ING. No, sir; they haven't.

Mr. HALLEY. Well, you really regard yourselves as a dummy corporation for Continental, don't you?

Mr. ING. No, sir.

Mr. HALLEY. Why do you give them all your profits?

Mr. ING. I will tell you. After all we are in business there to try to make a reasonable living for ourselves, which we have been able to do so far, not that it is as elaborate as we would like it to be, but we have made a living, and it seems as though that is about all you can do nowadays.

Mr. HALLEY. Now how many shares of stock are there outstanding in Howard Sports News; five?

Mr. ING. Five.

Mr. HALLEY. And you have, then, 20 percent of the stock; is that right?

Mr. ING. That is right.

Mr. HALLEY. How much money did Howard News remit to Continental in the year 1949?

Mr. ING. That I couldn't tell you offhand.

The CHAIRMAN. Do you have it in your records, Mr. Ing?

Mr. ING. Not here; no, sir.

Mr. HALLEY. Your remittances were to Continental or to Illinois Sports; do you know?

Mr. ING. Continental.

Mr. HALLEY. Continental direct?

Mr. ING. Yes.

Mr. HALLEY. Do you buy your news direct from Continental?

Mr. ING. That is right.

Mr. HALLEY. You are sure you don't buy it from Illinois Sports?

Mr. ING. No, sir. The news we buy direct from Continental.

Mr. HALLEY. And you also sell it direct to Continental?

Mr. ING. That is right.

Mr. HALLEY. Roughly, would you say you transmitted to the Continental in excess of \$50,000 last year?

Mr. ING. No; I wouldn't say. I wouldn't want to go on record as to amounts, Mr. Halley, because I couldn't truthfully say.

The CHAIRMAN. Your best estimate—that is what we want. About how much do you send them every week on an average?

Mr. ING. Well, this year we have been able to average pretty close to \$540 a week.

Mr. HALLEY. That you send to Continental?

Mr. ING. That is right.

Mr. HALLEY. \$540 a week?

Mr. ING. That is right.

Mr. HALLEY. And, of course, you don't know how that compares with the payments that other people make to Continental?

Mr. ING. No, sir; I don't.

Mr. HALLEY. If there was a profit, it would just increase the payment to Continental; is that not right?

Mr. ING. That is right.

Mr. HALLEY. The more you make, the more Continental gets?

Mr. ING. After all expenses and everything is taken out, that is right. At the end of the year, other than the workable balance, they would receive the difference.

Mr. HALLEY. And your directors have never discussed keeping any balance and paying a dividend to you?

Mr. ING. No, sir.

Mr. HALLEY. How do you account for that?

Mr. ING. Well, just as I say, just more or less satisfied to make a reasonable living.

Mr. HALLEY. With whom did you discuss this deal before you went into it, Mr. Ing?

Mr. ING. I don't understand you, Mr. Halley.

Mr. HALLEY. With whom did you discuss your deal, the deal you made with Continental, before you went into it?

Mr. ING. You mean which person at Continental?

Mr. HALLEY. Which person anywhere, at Continental or at Howard.

Mr. ING. At Continental, as I understand the transaction, Mr. Bilson and Mr. Lloyd made that agreement as to buying the news from us.

Mr. HALLEY. And who made the agreement about your buying the news from them?

Mr. ING. Well, at the same time, we had been buying news from them before that time.

Mr. HALLEY. Still at the same base that the officers of Howard Sports would just get a salary?

Mr. ING. That is right.

Mr. HALLEY. And everything in addition to that would be transmitted back to Continental?

Mr. ING. That is right.

Mr. HALLEY. You, as one of the officers of Howard Sports News—please don't accept this as something personal—you testified that you get a smaller salary than a wigwag man?

Mr. ING. Well, I will tell you, Mr. Halley, there are times when men have positions that we have to pay them more money or we wouldn't be able to operate.

Mr. HALLEY. You are just a salaried man, though, aren't you? You don't regard yourself as the owner of an important corporation?

Mr. ING. I am a part owner.

Mr. HALLEY. You don't act as one, do you? You don't have a contract whereby in writing you are required to pay these moneys to Continental?

Mr. ING. No contract.

Mr. HALLEY. You do it voluntarily?

Mr. ING. It was just a verbal agreement.

Mr. HALLEY. Who is the boss at Howard—Mr. Bilson?

Mr. ING. He is the general manager; yes.

Mr. HALLEY. You know, and as your attorney doubtless knows, Mr. Bilson has told us he is ill and that you could come here and explain these things to us, but up to this point I haven't heard any explanation of how this supposedly independent distributor for Continental worked out its deal.

As far as I can see, you are just an employee of Continental operating a dummy, the purpose of which is to serve as a screen for Continental; isn't that a fact?

Mr. ING. No, sir; it is not.

Mr. HALLEY. How do you distinguish in your mind a dummy corporation from a real one?

Mr. ING. Well, we take no orders from Continental; and if we were, as you term it, a dummy corporation, we would more or less have to take orders from whichever concern we are supposed to be the dummy for.

Mr. HALLEY. Well, isn't the motive in going into the racing wire business to make profits?

Mr. ING. Well, we would have to make a profit in order to pay our salaries.

Mr. HALLEY. No; I mean a net profit after payment of salaries and expenses. Isn't that the motive of businesses?

Mr. ING. Well, it is in a way, Mr. Halley, yes; but as I stated before, we consider ourselves, while we are officers of the corporation, we are trying, as I say, to make a living.

Mr. HALLEY. Well, have you never, yourself, talking for Mr. Bilson and Mr. Ing, have you never suggested to the other two members of the board of directors going to Continental and saying, "We want to negotiate a contract to pay to you so much a week so that we can make a profit for ourselves?"

Mr. ING. Well, at that rate, Mr. Halley, I am afraid we wouldn't be able to make a profit for ourselves.

Mr. HALLEY. Why not?

Mr. ING. Because we would have to pay at the rate for more news than we sell to Continental.

Mr. HALLEY. You have customers you sell to?

Mr. ING. That is true, but if we were to pay Continental at the same rate that Continental pays us, for all the race tracks that we buy the news from them, we couldn't exist.

Mr. HALLEY. Have you ever tried to work out a contract so that you could exist?

Mr. ING. The one that we have now, we can exist better than the other one.

Mr. HALLEY. Isn't it perfectly obvious to you that the risk element in your business is taken by Continental then, isn't that a fact?

Mr. ING. You mean as far as the money is concerned?

Mr. HALLEY. The risk element in the business of Howard Sports News is borne by Continental?

Mr. ING. The risk element?

Mr. HALLEY. If your income goes up, they get more; if your income goes down, they get less?

Mr. ING. That is right.

Mr. HALLEY. Therefore, it is their risk, not yours?

Mr. ING. Yes, sir; it is.

Mr. HALLEY. On your arrangement, you are sure of your \$70 a week?

Mr. ING. \$80 a week; that is right.

Mr. HALLEY. And the risk is borne by Continental?

Mr. ING. That is right.

Mr. HALLEY. The people who bear the risk, do they ever tell you how they think the business should be run?

Mr. ING. No, sir.

Mr. HALLEY. Do they ever tell you to increase the rates to Intrastate or any of your other outlets?

Mr. ING. We don't have any other outlets.

Mr. HALLEY. Do you sell only to Intrastate in Florida?

Mr. ING. We don't sell to them at all.

Mr. HALLEY. Who do you sell to?

Mr. ING. We haven't sold to anybody in Florida since the latter part of '49, if I am not mistaken.

Mr. HALLEY. Who are your customers today?

Mr. ING. We don't have any in Florida.

Mr. HALLEY. Elsewhere?

Mr. ING. We have them elsewhere in other States, but nothing in Florida.

Mr. HALLEY. Well, where do you have customers, in what States?

Mr. ING. Well, we have customers in Maryland, Virginia—

Mr. HALLEY. How many do you have in Maryland?

Mr. ING. These are actual figures, Mr. Halley, that off-hand I wouldn't want to say exactly, without records.

Mr. FINNERTY. Approximate them. That is what he means. Give him your best estimate.

The CHAIRMAN. Give us your best opinion about it, about the number of customers. We understand that without your records you can't be sure.

Mr. ING. Well, in Virginia, I would say there were, I would say six or seven, in Virginia; and, in South Carolina there is one. In Maryland—I get all balled up with the numbers.

Mr. HALLEY. This is an exhibit before the Interstate and Foreign Commerce Committee of the United States Senate. They show Howard's Sport News, daily, 631 Muncie Building, Baltimore, Md., and listed by Continental Press as a direct subscriber. They say that as of May 4, 1950, you supplied the following information, that you get news from Western Union Sports Ticker Service, Illinois Sports News, Trans-Radio Press Service, and Continental Press Service.

Is that correct?

Mr. ING. That is right.

Mr. HALLEY. And that you disseminate news to 6, 12—oh, it looks like about 30 or 40 customers in Maryland. Would that be right?

Mr. ING. No, sir. As of what date was that?

Mr. HALLEY. That was May 4, 1950.

Mr. ING. Thirty or forty subscribers in Maryland?

Mr. HALLEY. Well, let's see. The A. F. Abel Co., publishers, in the Baltimore Sun Building, Baltimore, Md. Do you furnish them?

Mr. ING. That is right.

Mr. HALLEY. Well, just take a few tests in here.

M. Barnes, 650—this is Charleston, Carolina.

The CHAIRMAN. South Carolina.

Mr. HALLEY. I see some of these aren't all in Maryland.

Mr. ING. I think you will find they are not all in Maryland, Mr. Halley.

Mr. HALLEY. Then they have the Riff Raff Club, West Ocean City, Md.

Mr. ING. That is right.

Mr. HALLEY. Do they have a bookmaking establishment there?

Mr. ING. Not to our knowledge, they don't.

Mr. HALLEY. You wouldn't be surprised if they did?

Mr. ING. It is very possible, but not to our knowledge.

Mr. HALLEY. And George Brooks at Cumberland, Md.

Mr. ING. That is right.

Mr. HALLEY. Fred Landier at Laurel, Md.

Mr. ING. No, sir; that is a suspended account.

Mr. HALLEY. You at one time did have one there?

Mr. ING. At one time; yes, sir.

Mr. HALLEY. H. H. Herner at the Pen Mar Hotel at Pen Mar, Pa.?

Mr. ING. Yes, sir.

Mr. HALLEY. Do you supply World Wide News & Music Co.?

Mr. ING. Yes, sir.

Mr. HALLEY. They are in Maryland, too?

Mr. ING. Yes, sir.

Mr. HALLEY. Are they a subsidiary of yours?

Mr. ING. No, sir.

Mr. HALLEY. They list a number of people they supply. In any event, you do have customers in various States?

Mr. ING. That is right.

Mr. HALLEY. You charge them various varying rates?

Mr. ING. That is right.

Mr. HALLEY. Who tells you what to charge your customers?

Mr. ING. Well, nobody tells us what to charge them. We try to get as much as we possibly can.

Mr. HALLEY. You get as much as you can from them?

Mr. ING. Absolutely.

Mr. HALLEY. Since you have been an officer of the company have you increased the rates to any customer?

Mr. ING. No, sir; I don't remember.

Mr. HALLEY. Who is in charge of that phase of your business?

Mr. ING. Mr. Bilson handles that particular phase of it as far as customers are concerned, and the rates, but as I say, the rate is based on as much as it is possible to obtain from the customer.

Mr. HALLEY. You get as much as possible?

Mr. ING. That is right.

Mr. HALLEY. Have you ever tried paying Continental as little as possible, and the difference then would be a profit?

Mr. ING. Well, we couldn't pay them much less.

Mr. HALLEY. Have you ever tried to negotiate a contract?

Mr. ING. Not to negotiate a contract; no, sir.

Mr. HALLEY. Have you any expectation of getting any income out of Howard Sports News in 1950 over and above your salary?

Mr. ING. Not in 1950; no, sir.

Mr. HALLEY. Do you have any expectation of doing it in 1951?

Mr. ING. Well, if conditions get better, I would like to get more money, naturally.

Mr. HALLEY. You mean an increase in salary?

Mr. ING. That is right.

Mr. HALLEY. You have no expectations of paying a dividend, do you?

Mr. ING. No, sir.

Mr. HALLEY. It is your understanding that Howard Sports News will not pay a dividend, is that not right?

Mr. ING. This year I doubt they will, no, sir.

Mr. HALLEY. Will never pay a dividend?

Mr. ING. I don't think they will.

Mr. HALLEY. You don't think they ever will?

Mr. ING. No, sir.

Mr. HALLEY. I have no further questions, Mr. Chairman.

The CHAIRMAN. Mr. Robinson?

Mr. ROBINSON. How do you determine what rate your customer is going to pay? Do you examine their books?

Mr. ING. Oh; no, sir.

Mr. ROBINSON. Do you go to their place of business and discuss it with them?

Mr. ING. No, sir. They apply for this service and we just try to obtain the highest rate, and if that rate can't be paid, why then we make it a little smaller.

Mr. ROBINSON. How do you initially determine how the rate is going to be? Don't you negotiate with somebody?

Mr. ING. Just the party that subscribes to the news.

Mr. ROBINSON. He comes in and——

Mr. ING. Applies for the news.

Mr. ROBINSON. And he asks for the news?

Mr. ING. That is right.

Mr. ROBINSON. What do you do, do you endeavor to find out about his business in order to fix a rate to that fellow?

Mr. ING. No, sir.

Mr. ROBINSON. You don't ask him anything?

Mr. ING. Not about his business, no, sir. We try to get a rate——after all, the farther away the place is, the more charges we would have to pay to service the man. All that enters into it, too.

Mr. ROBINSON. Let's talk about one of the places right in where your business is. I don't mean out of the State, I mean in Baltimore.

Mr. ING. Why, in Baltimore City it is \$40 a week.

Mr. ROBINSON. \$40 a week?

Mr. ING. That is right.

Mr. ROBINSON. Has that rate fluctuated at all depending on the business of the customer?

Mr. ING. No, sir; that is the rate.

Mr. ROBINSON. It never has been changed?

Mr. ING. Not to my knowledge.

Mr. ROBINSON. Not to any customer?

Mr. ING. You mean reduced or increased?

Mr. ROBINSON. Reduced or increased.

Mr. ING. Offhand I wouldn't want to answer, Mr. Robinson, because I wouldn't be sure, I don't remember.

Mr. ROBINSON. Well, does a person who runs a big book pay the same rate as a person who doesn't run such a large book?

Mr. ING. Well, knowingly, we are not going to sell knowingly to bookmakers.

Mr. ROBINSON. Well, don't you ever?

Mr. ING. So you couldn't pro rate a man's rate, as you said, on the basis of how large a book the man has.

Mr. ROBINSON. Well——

Mr. ING. Do you understand what I am trying to get at?

Mr. ROBINSON. I don't know how you arrive at the \$40 rate.

Mr. ING. The \$40 rate was just a rate we hit on as being adequate to the subscribers who call in for our news. After all, they call in on the telephone.

Mr. ROBINSON. Do you know of any other subscribers to Continental who get a flat rate?

Mr. ING. No, sir, I don't know anything about any other subscribers of Continental.

Mr. ROBINSON. Did John Scanlan ever work for Howard Sports News?

Mr. ING. No, sir.

Mr. ROBINSON. You don't know him?

Mr. ING. I don't know the man; no, sir.

The CHAIRMAN. Mr. Ing, how about these wig-wag boys, do they go from Maryland and Delaware tracks to somewhere else, depending on where the season is?

Mr. ING. Maryland, New Jersey, Delaware, and Florida.

The CHAIRMAN. Who sort of handles their transfer from one track to another, or one section to another?

Mr. ING. You mean who designates that they move on?

The CHAIRMAN. Yes.

Mr. ING. Well, it is a known fact that as one track closes they go on to the other track in our particular territory.

The CHAIRMAN. But do these instructions come out of Chicago?

Mr. ING. Oh, no.

The CHAIRMAN. Or do you give them?

Mr. ING. I give them.

The CHAIRMAN. You give them?

Mr. ING. Yes.

The CHAIRMAN. You tell them to move on to the next place?

Mr. ING. That is right.

The CHAIRMAN. You did not have S. & G. as a customer in Miami Beach, did you, the S. & G. Syndicate?

Mr. ING. No; I never heard of them.

The CHAIRMAN. When the Florida law was passed I believe effective the 1st of January 1949, was that when you ceased doing business in Florida?

Mr. ING. Was it the first of 1949?

The CHAIRMAN. Or the—

Mr. FINNERTY. I think we covered that this morning. There was some allusion to it, I think it was in the latter part of 1949, actually.

The CHAIRMAN. Whatever it was.

Mr. ING. Yes, sir; when that law was passed, that is when our wire came down.

Mr. FINNERTY. That is when our wire came down. That is right, sir.

The CHAIRMAN. Didn't you enter into a lawsuit with the State of Florida on the matter?

Mr. ING. To try to see to it—in other words, it have the legality questions, as to whether the wire was legal or not.

The CHAIRMAN. Where was the suit brought?

Mr. ING. In Tallahassee, I think. Vincent Giblon was the attorney.

The CHAIRMAN. Vincent who?

Mr. ING. Giblon.

The CHAIRMAN. G-i-b—

Mr. ING. G-i-b-l-o-n.

The CHAIRMAN. Where is he from?

Mr. ING. He is—wait a minute—he is in the Ingham Building.

Mr. HALLEY. Miami.

Mr. ING. Is that in Miami?

Mr. HALLEY. Yes, sir; in Miami.

Mr. ING. I see.

The CHAIRMAN. Who got you in touch with him?

Mr. ING. We got in touch with him—in other words, we had the wire there, and we wanted to have the news continued, and he was recommended to us as an attorney from someone in the South. Now, who, I couldn't say, offhand.

The CHAIRMAN. Did you join with other companies in contesting this case, or did you do it alone?

Mr. ING. No; I think our company was the only one, so far as I know.

The CHAIRMAN. Didn't you have an injunction to prevent the law from going into effect for a while?

Mr. ING. I think so, and then this was eventually, shall we say, eliminated, and as the law went in, why, our wire came down pursuant to the Western Union's orders.

The CHAIRMAN. Who maintains contact with Mr. Lloyd at Continental, you, or is that Mr. Bilson's job?

Mr. ING. Well, the actual verbal contract, as I say—

The CHAIRMAN. No; I mean the contact. Who talks back and forth with Mr. Lloyd?

Mr. ING. Well, as I understand it, Mr. Lloyd has died now.

The CHAIRMAN. I mean, who did during the time he was there.

Mr. ING. Any conversation with Mr. Bilson were had with Mr. Lloyd.

The CHAIRMAN. You could send messages back and forth on the wire, couldn't you?

Mr. ING. I think he had all his conversation with Mr. Lloyd on the phone.

The CHAIRMAN. What is the name of your scratch sheet?

Mr. ING. Howard Sports News Daily.

The CHAIRMAN. Where is that printed?

Mr. ING. In Baltimore.

The CHAIRMAN. Who is the printer?

Mr. ING. We are.

The CHAIRMAN. I mean, do you have your own press?

Mr. ING. We have our own equipment, and we put the sheet out every morning; yes, sir.

The CHAIRMAN. Who handles the contracts, such as your contracts with Western Union? Do you do that, or Mr. Bilson?

Mr. ING. Mr. Bilson usually handles the contracts with Western Union. He gets in touch with Mr. Vogt at the Western Union.

The CHAIRMAN. How long have you been getting \$80 a week for this?

Mr. ING. I should say around 3 years anyhow.

The CHAIRMAN. Have you gotten any raise recently?

Mr. ING. No, sir.

The CHAIRMAN. At the end of the year do you just clean your books and send up Continental all that is left, at the end of the year?

Mr. ING. No; not all that is left. As I say, we still carry over that minimum balance into the first week of the new year.

The CHAIRMAN. Yes.

Mr. ING. But in addition to that, that is sent along to Continental if there is any.

The CHAIRMAN. Anyway, for practical purposes you wipe the slate clean at the end of every year, but you have some little amount to carry you over for operating expenses?

Mr. ING. That is right.

The CHAIRMAN. Now, what would happen if some year you should wind up the end of the year with, oh, two or three hundred thousand dollars on hand? Would you send that to Continental, too?

Mr. ING. That is really——

The CHAIRMAN. I know, that may be preposterous.

Mr. ING. I think so.

The CHAIRMAN. But what would you do with it?

Mr. ING. Well, other than this balance it would be sent to Continental, as the agreement.

The CHAIRMAN. Well, the balance—what is this balance that you keep over?

Mr. ING. It is just, as you said before, just enough to tide you over to start off the next week.

The CHAIRMAN. Five hundred dollars or some amount like that?

Mr. ING. No, usually around twelve or thirteen hundred, something like that.

The CHAIRMAN. Yes.

Mr. ING. Or maybe fourteen.

The CHAIRMAN. Just enough to meet payroll the next week?

Mr. ING. Payroll and current bills as they come in.

The CHAIRMAN. Did you ever run short and not have enough to meet the payrolls or current bills?

Mr. ING. Then we didn't send Continental as much.

The CHAIRMAN. Did you work or have any connection with any company that had an operation with Continental before it became—when it was Nation-wide under Mr. Annenberg?

Mr. ING. That has been a long time ago.

The CHAIRMAN. Before 1940?

Mr. ING. Did I have any connection?

The CHAIRMAN. Yes, did you have any connection with any company?

Mr. ING. I was working at the time in Baltimore, yes, sir.

The CHAIRMAN. Were you a partner in the business then?

Mr. ING. No, not at that time. No, sir.

The CHAIRMAN. Was the same arrangement used at that time by the company you worked for that you use now?

Mr. ING. Not——

The CHAIRMAN. That is, paying a certain amount and remitting the rest back to——

Mr. ING. Well, at that time I——

The CHAIRMAN (continuing). Midwest?

Mr. ING. I couldn't answer now. Midwest?

The CHAIRMAN. Nation-wide, I mean.

Mr. ING. I couldn't answer how that was done.

Mr. FINNERTY. Did you have any knowledge?

Mr. ING. What?

Mr. FINNERTY. You had no knowledge, you say?

Mr. ING. No; I didn't.

The CHAIRMAN. You don't know how it was worked at that time?

Mr. ING. No; I don't.

The CHAIRMAN. Do you know from Mr. Bilson whether it was worked during Mr. Annenberg's time as it was after?

Mr. ING. He didn't say.

The CHAIRMAN. You haven't talked with him about it?

Mr. ING. No, sir.

Mr. G. S. ROBINSON. Do you have a Joe Burns working for you?

Mr. ING. No, sir.

Mr. ROBINSON. Never had?

Mr. ING. No, sir.

Mr. ROBINSON. That is all.

The CHAIRMAN. When Mr. Lloyd would send a chap like Mr. Egner down to you to get out race-track information how would you know Mr. Egner was coming down?

Mr. ING. Well, possibly we would need another man, and they would—naturally, we would ask them if they knew of an experienced man. They would send him and we knew he was coming.

The CHAIRMAN. Is that the way you usually get new men?

Mr. ING. Yes, sir. After all, you need experienced men.

The CHAIRMAN. It was understood by you that Continental trained these people for that sort of purpose or——

Mr. ING. We would—we were under the impression that they had these type of men working, and at the time they went out of the gathering of the news they knew who the employees were that were experienced.

The CHAIRMAN. So you got your wig-wagging men from Continental, usually?

Mr. ING. That is right.

The CHAIRMAN. And it was your impression that they had a training school for these people so that they would have a supply available whenever you needed one?

Mr. ING. No; I don't know that they had a training school or anything like that, but if we needed an extra man we would ask if they knew of one that was available.

The CHAIRMAN. Where is your corporation chartered, under the laws of what State?

Mr. ING. Maryland.

The CHAIRMAN. The first you knew about it is, you were handed the share of stock? You didn't pay anything for the stock?

Mr. ING. No, sir.

The CHAIRMAN. Do you know whether the other members paid anything for their stock?

Mr. ING. No, sir; I don't.

The CHAIRMAN. Who put up the money for the stock in the first place?

Mr. ING. That I don't know either.

The CHAIRMAN. It is just a \$5,000 corporation, is that what it is? Each share of stock is worth a thousand dollars? Or, what is it worth?

Mr. ING. Do you recall what it is worth, Mr. Finnerty?

Mr. FINNERTY. I don't recall.

The CHAIRMAN. You mean you don't know what the share of stock is supposed to be worth?

Mr. ING. Offhand, I couldn't say. It is in the charter book.

The CHAIRMAN. Well, the share of stock, it doesn't really mean anything to you?

Mr. ING. I was getting no dividends from it.

The CHAIRMAN. You don't expect any dividends?

Mr. ING. No, sir.

The CHAIRMAN. All that you are looking for is a job?

Mr. ING. That is right.

The CHAIRMAN. That is all.

Mr. FINNERTY. Thank you very much.

The CHAIRMAN. Do you want to ask any questions?

Mr. FINNERTY. I think not, sir.

The CHAIRMAN. Thank you, Mr. Finnerty, for your cooperation.

Mr. FINNERTY. Are we free to leave?

The CHAIRMAN. You are free. Do you represent anybody else here?

Mr. FINNERTY. No, sir.

The CHAIRMAN. You are free. You may go back to Baltimore.

(Witness excused.)

Mr. HALLEY. Mr. James Shea.

The CHAIRMAN. Where is Mr. Shea?

Sit down, Mr. Shea. Sit at the end of the table, there, please. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SHEA. I do.

TESTIMONY OF JAMES A. SHEA, CHICAGO, ILL.

Mr. ROBINSON. State your full name, please.

Mr. SHEA. James A. Shea.

Mr. ROBINSON. Try to keep your voice up so that we may be able to hear you.

Where do you live, Mr. Shea?

Mr. SHEA. 515 North Hamlin.

Mr. ROBINSON. Where are you employed?

Mr. SHEA. R. & H. Publishing Co.

Mr. ROBINSON. Where is that located?

Mr. SHEA. 701 West Twenty-first Place.

Mr. ROBINSON. How long have you been employed by the R. & H. Publishing Co.?

Mr. SHEA. About 5 years.

Mr. ROBINSON. And what are your duties at the R. & H. Publishing Co.?

Mr. SHEA. I am a telegraph operator.

Mr. ROBINSON. That has been solely your duties all through the time you have been employed by the R. & H. Co.?

Mr. SHEA. That is all.

Mr. ROBINSON. Are you employed with anybody else as a telegraph operator? Are you the sole operator?

Mr. SHEA. Right now, I am the only operator.

Mr. ROBINSON. Are you the sole operator at the present time?

Mr. SHEA. The only one there, yes.

Mr. ROBINSON. How many operators do they usually have?

Mr. SHEA. Well, there are usually two.

Mr. ROBINSON. And what are your hours of employment during the day?

Mr. SHEA. Well, I usually work from about 10 in the morning until the last race in the evening.

Mr. ROBINSON. Give us a brief description of just what you actually do when you come to work.

Mr. SHEA. Well, I come to work at 10 o'clock and get the morning line-up of jockeys, and when the race starts at the first post, I send the service.

Mr. ROBINSON. And that goes on how long?

Mr. SHEA. As long as there are races running.

Mr. ROBINSON. How many tracks are running now?

Mr. SHEA. There were four Saturday.

Mr. ROBINSON. Four Saturday?

Mr. SHEA. Yes.

Mr. ROBINSON. Are there any running today?

Mr. SHEA. I believe there are two.

Mr. ROBINSON. Who is handling them?

Mr. SHEA. I don't know. I haven't been there today.

Mr. ROBINSON. Do you have a relief man out there?

Mr. SHEA. No.

Mr. ROBINSON. Where were you employed before you went to R. & H.?

Mr. SHEA. I was with the Alton Railroad.

Mr. ROBINSON. And where were you employed after that?

Mr. SHEA. With the Trans-American.

Mr. ROBINSON. Who employed you at Trans-American?

Mr. SHEA. I think it was a man named Brayton.

Mr. ROBINSON. Brayton?

Mr. SHEA. Yes.

Mr. ROBINSON. About what time did you first go to work for Trans-American?

Mr. SHEA. I think it was in the summer of 1946.

Mr. ROBINSON. The summer of 1946?

Mr. SHEA. I think that was it.

Mr. ROBINSON. Who was Mr. Brayton?

Mr. SHEA. He was the chief operator.

Mr. ROBINSON. Do you know how to spell his name?

Mr. SHEA. No.

Mr. ROBINSON. B-r-a-t-t-o-n?

Mr. SHEA. No; not Bratton.

The CHAIRMAN. Brayton?

Mr. SHEA. Maybe B-r-a-d-o-n—I don't know.

Mr. ROBINSON. Where did you report to duty?

Mr. SHEA. At Joliet.

Mr. ROBINSON. What was over there? What sort of an office did they have over there? Can you describe what the set-up of the office was there?

Mr. SHEA. We had two rooms, about the same size, and two Morse writers is all we had, one from the East to Chicago and one from Chicago to the West.

Mr. ROBINSON. How many people were employed in that office?

Mr. SHEA. There were about four operators besides Brayton.

Mr. ROBINSON. Do you know where it was located?

Mr. SHEA. It was in the Morris Building.

Mr. ROBINSON. How long did you remain there?

Mr. SHEA. Just a few months.

Mr. ROBINSON. What happened?

Mr. SHEA. I applied for the job at R. & H.

Mr. ROBINSON. Why did you apply for a job at R. & H.?

Mr. SHEA. I thought I would rather work at R. & H.

Mr. ROBINSON. What happened over at the Morris Building?

Weren't you raided over there?

Mr. SHEA. Was I what?

Mr. ROBINSON. Wasn't the Trans-American place at that location raided?

Mr. SHEA. I heard it was, yes.

Mr. ROBINSON. You weren't there at the time?

Mr. SHEA. I was not there at the time.

Mr. ROBINSON. Why did you change over to R. & H.?

Mr. SHEA. Well, the job was in Chicago. My main reason for it was that I would be able to work in Chicago, not in Joliet, and, besides, I would get more money.

Mr. ROBINSON. When you left Trans-American it was still operating?

Mr. SHEA. Yes.

Mr. ROBINSON. Still running?

Mr. SHEA. Yes.

Mr. ROBINSON. From whom did you receive your pay while you were at Trans-American?

Mr. SHEA. I received my pay by check.

Mr. ROBINSON. Who signed the check?

Mr. SHEA. I am not sure. I think Andy Burns. I am not sure; no.

Mr. ROBINSON. Andy Burns?

Mr. SHEA. I think.

Mr. ROBINSON. Did he spend any time at the Joliet place of business?

Mr. SHEA. No.

Mr. ROBINSON. Who was the head man there?

Mr. SHEA. Brayton.

Mr. ROBINSON. Whom did you see to make arrangements to go to work for R. & H.?

Mr. SHEA. Ray Jones.

Mr. ROBINSON. Where did you see him? Do you recall?

Mr. SHEA. At his office.

Mr. ROBINSON. Where was that?

Mr. SHEA. 177 North State Street.

Mr. ROBINSON. What sort of an office is that? What is the set-up? Do you have wires coming into that office, or did you at that time?

Mr. SHEA. I saw a telephone there. No; I never worked in the place.

Mr. ROBINSON. You never worked there?

Mr. SHEA. No.

Mr. ROBINSON. That is merely where you saw Ray Jones in order to make arrangements for your going to work?

Mr. SHEA. Yes; that is right.

Mr. ROBINSON. What had you been getting from Trans-American?

Mr. SHEA. You mean in the way of pay?

Mr. ROBINSON. Pay; yes.

Mr. SHEA. \$85 a week.

Mr. ROBINSON. What was the increase in pay that you got?

Mr. SHEA. \$15 a week.

Mr. ROBINSON. And where did Mr. Jones tell you to report for work?

Mr. SHEA. At the office where I work now, 701 West Twenty-first Place.

Mr. ROBINSON. Do you have a Morse wire into that place?

Mr. SHEA. Yes; we do.

Mr. ROBINSON. How is the news transmitted out of that place?

Mr. SHEA. By a printer, teletype.

Mr. ROBINSON. You operate the printer?

Mr. SHEA. Yes.

Mr. ROBINSON. Do you have one man receiving the news from the Morse wire and one man transcribing or sending it out on the printer?

Mr. SHEA. No; I do both.

Mr. ROBINSON. Where does the news go?

Mr. SHEA. It goes to our subscribers.

Mr. ROBINSON. Who are your subscribers?

Mr. SHEA. I don't know.

Mr. ROBINSON. You don't know any of them?

Mr. SHEA. No.

Mr. ROBINSON. Do you have any idea who they are?

Mr. SHEA. No, I haven't.

Mr. ROBINSON. Could you give a guess?

Mr. SHEA. No, I couldn't.

Mr. ROBINSON. Do you have any out-of-State subscribers?

Mr. SHEA. Not that I know of.

Mr. ROBINSON. They are all located in the city so far as you know?

Mr. SHEA. I don't know that any are located in the city.

Mr. ROBINSON. How do you get paid over there?

Mr. SHEA. I get currency exchange check mailed to my house.

Mr. ROBINSON. How long has that been going on?

Mr. SHEA. About 2 months—3 months.

Mr. ROBINSON. About 2 months?

Mr. SHEA. Before that I got paid in cash.

Mr. ROBINSON. Before that you got paid in cash, and how did you get paid in cash before that?

Mr. SHEA. I picked it up at the office downtown.

Mr. ROBINSON. From whom would you pick it up?

Mr. SHEA. Whoever happened to be on duty.

Mr. ROBINSON. Don't you know any of the people there from whom you picked up your cash?

Mr. SHEA. No; I don't know by name. I used to know one man there, Art Golding, but he is dead now.

Mr. ROBINSON. Art Golding?

Mr. SHEA. Yes.

Mr. ROBINSON. Was Ray Jones ever there when you went to get your pay?

Mr. SHEA. Very rarely. He has been there, not recently.

Mr. ROBINSON. Would you receive your pay from him?

Mr. SHEA. No, no; just be on the desk there and whoever happened to be there would hand it to me.

Mr. ROBINSON. How were you paid before that?

Mr. SHEA. That is the only way I was ever paid.

Mr. ROBINSON. Ever paid by check?

Mr. SHEA. No.

Mr. ROBINSON. Never at any time?

Mr. SHEA. No.

Mr. ROBINSON. Do you know Phil Katz?

Mr. SHEA. I know of him. I have never met him.

Mr. ROBINSON. Have you ever talked to him?

Mr. SHEA. On the telephone.

Mr. ROBINSON. What would be the reason for the telephone conversation?

Mr. SHEA. Well, I can't remember right now. I haven't talked to him for several years.

The CHAIRMAN. Tell us the best you remember, Mr. Shea. What did you talk to him about, the general subject matter.

Mr. SHEA. Well, I think the only time I have ever talked to him was once another operator didn't show up, he was sick, and I called the office and Phil happened to answer instead of Ray, and I told him what the situation was, that the other man didn't show up. I think that is the only time I talked to him.

Mr. ROBINSON. Was that the only time you ever talked to him?

Mr. SHEA. I think it was; I am not sure.

Mr. ROBINSON. Would you talk frequently over the phone with Ray Jones?

Mr. SHEA. Infrequently.

Mr. ROBINSON. Doesn't he call the office where you are employed quite frequently to ask you how things are going?

Mr. SHEA. Not often.

Mr. ROBINSON. Well, how often does he talk?

Mr. SHEA. Well, lately he has been calling a couple of times a week.

Mr. ROBINSON. Is that usual for him to call a couple times a week?

Mr. SHEA. Well, it isn't unusual now. I would say a couple of years ago it would have been; yes.

Mr. ROBINSON. You say it is unusual now for him to call that often?

Mr. SHEA. I say it wouldn't be unusual now.

Mr. ROBINSON. What do you have in the room where you are employed, outside of the wire and the printer?

Mr. SHEA. We have a Western Union clock, three telephones, a place to lie down in case you get tired, a desk, a couple of chairs—four chairs, in fact.

Mr. ROBINSON. Is the room constantly locked?

Mr. SHEA. When we are not in there; yes.

Mr. ROBINSON. Is it locked when you are in there?

Mr. SHEA. Not that room, now, the other doors are, though.

Mr. ROBINSON. What other doors?

Mr. SHEA. Leading from the street and from the hall upstairs.

Mr. ROBINSON. The room in which you are employed, where the teleprinter or telegraphers work, is constantly kept locked, isn't it?

Mr. SHEA. No.

Mr. ROBINSON. So that no admittance can be obtained from the outside?

Mr. SHEA. No; that door is not locked, only when we leave at night.

Mr. ROBINSON. Hasn't that room been locked during the past few months?

Mr. SHEA. It has been at night, yes; but not while we are in it.

Mr. ROBINSON. What was the reason for the change in the method of payment to you from cash to currency exchange?

Mr. SHEA. No reason was given me.

Mr. ROBINSON. By the use of the currency exchange, the pay is mailed to your home, isn't it?

Mr. SHEA. Yes.

Mr. ROBINSON. It is not necessary for you now to go down to the main office?

Mr. SHEA. That is it.

Mr. ROBINSON. And you don't know what the reason was for that change in the method of payment?

Mr. SHEA. No; I don't.

Mr. ROBINSON. That is all. Thank you.

The CHAIRMAN. When did you first start, Mr. Shea, doing this sort of work?

Mr. SHEA. Oh, about when I started with Trans-American.

The CHAIRMAN. In 1946?

Mr. SHEA. Yes.

The CHAIRMAN. Who did you work for before then?

Mr. SHEA. I was with the OWI, a Government organization, before that.

The CHAIRMAN. All right. That is all, Mr. Shea, thank you. (Witness excused.)

Mr. HALLEY. Mr. Eugene Bernstein.

The CHAIRMAN. Hello, Mr. Bernstein. Good to see you again.

Mr. BERNSTEIN. How are you, Senator?

The CHAIRMAN. Will you raise your right hand and be sworn, please? Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BERNSTEIN. I do.

FURTHER TESTIMONY OF EUGENE BERNSTEIN, CHICAGO, ILL.

The CHAIRMAN. All right, gentlemen. Mr. Bernstein has testified in executive session very fully. Let's get to the point here.

Mr. HALLEY. Now, Mr. Bernstein, at the executive session we had considerable testimony about how certain money was raised to pay the tax settlement for Ricca and Campagna. Do you recall that?

Mr. BERNSTEIN. I don't know any testimony about how money was raised.

The CHAIRMAN. About how it was not raised, rather?

Mr. BERNSTEIN. I know how the proceeds were given to me. That is all I know.

Mr. HALLEY. You recall I was trying to find out where the money came from?

Mr. BERNSTEIN. That is what you were trying to find out.

Mr. HALLEY. You didn't know?

Mr. BERNSTEIN. I didn't know.

Mr. HALLEY. It was left at your office by various people, is that right?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Since the executive session have you had any opportunity to get any more information as to how that money came to your desk?

Mr. BERNSTEIN. Not a bit, sir.

Mr. HALLEY. How much was there altogether?

Mr. BERNSTEIN. All told, \$190,000.

Mr. HALLEY. And you used it to make a tax settlement with the United States Government on behalf of Campagna and DeLucia, is that right?

Mr. BERNSTEIN. It was in settlement of a stipulation as to what the taxes were and was predicated upon the fact that that tax had to be first paid before the stipulation would be entered into by the Tax Court.

Mr. HALLEY. In any event, as the chairman said, we covered that quite fully at the executive session, and what I have in mind is simply finding out briefly whether you can throw any further light at all on that, how that \$190,000 came into your possession.

Mr. BERNSTEIN. Mr. Halley, no more than what I have told you before.

Mr. HALLEY. People you didn't know and whose names you didn't know delivered it to your office?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Now, turning to the Trans-American News Service, which I do not believe we covered, there has been testimony here that you handled the accounting for that organization; is that right?

Mr. BERNSTEIN. I did not handle the accounting for that organization; no, sir.

Mr. HALLEY. What was the nature of your relationship with Trans-American News Service?

Mr. BERNSTEIN. I have prepared their income-tax returns and the dissolution of the corporation, and no more.

I may have handled social-security-tax returns, Government and State.

Mr. HALLEY. You recommended to Trans-American Mr. Samelson to do their bookkeeping?

Mr. BERNSTEIN. I did, sir.

Mr. HALLEY. And their month by month accounting; is that right?

Mr. BERNSTEIN. I recommended him to do the bookkeeping. What else he did there I couldn't tell you exactly. I think he handled all of the books of the company.

Mr. HALLEY. He would turn over various reports to you on the basis of which you could file an income-tax return?

Mr. BERNSTEIN. He turned over to me the financial statement, from which I prepared it, and that would be the profit-and-loss statement and the balance sheet.

Mr. HALLEY. In that sense you reviewed his work?

Mr. BERNSTEIN. I did more or less, yes; in that way solely. I reviewed the fact if he had an improper item deducted, I would call his attention to it, for example excess depreciation.

Mr. HALLEY. So that you did go over his work sheets?

Mr. BERNSTEIN. No; I didn't go over his work sheets; I accepted his work sheets as being accurate.

Mr. HALLEY. But you said his work sheets——

Mr. BERNSTEIN. In making the return, yes, sir, I did.

Mr. HALLEY. I didn't ask you if you went behind his work sheets.

Mr. BERNSTEIN. No; I did not.

Mr. HALLEY. You did go over the work sheets themselves?

Mr. BERNSTEIN. Yes, sir; I did.

Mr. HALLEY. He has testified that when he gave up his position with Trans-American he turned the books and records of Trans-American over to you?

Mr. BERNSTEIN. That is true.

Mr. HALLEY. Do you have them now?

Mr. BERNSTEIN. As I explained to you before, sir, I do not have the records, they were taken from me.

Mr. HALLEY. Who took them?

Mr. BERNSTEIN. They were taken by Mr. O'Hara, Ralph O'Hara, who was, I believe, the president of the corporation.

Mr. HALLEY. When did he take them?

Mr. BERNSTEIN. It was sometime between April and August. It may have been during March—it may have been sometime in that period, of this year.

Mr. HALLEY. This year?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. They remained in your office from 1947 until some time between April and August of 1950?

Mr. BERNSTEIN. Whatever time they were—it was after the dissolution of the corporation. That was in 1947, that is when they came in my possession, and I have asked Mr. O'Hara on repeated occasions that they were in my way and I didn't want them in my office.

Mr. HALLEY. Now, do you recall that for 1946, that the net loss as filed on the return is \$122,958.76?

Mr. BERNSTEIN. I have no independent recollection of that. If that shows it——

Mr. HALLEY. If the return shows it, you wouldn't contest it?

Mr. BERNSTEIN. Whatever the return indicated, that would be true, so far as I know.

Mr. HALLEY. It showed a gross income in 1946 of \$43,479.76, and a net loss of \$122,958.76; you would say if you filed that return, it is right?

Mr. BERNSTEIN. If I filed that return and that return indicates that result, that was the information given to me by this auditing statement of Mr. Samelson.

Mr. HALLEY. How long had you known A. J. Burns, the president of Trans-American?

Mr. BERNSTEIN. Never. I don't know if I knew him or not. I don't know if I ever met him.

Mr. HALLEY. Did you know Ralph O'Hara?

Mr. BERNSTEIN. I did, yes, sir.

Mr. HALLEY. How long had you known him?

Mr. BERNSTEIN. That I don't recall, exactly. I would say I met him—I may have met him some time prior to his having retained me, but how long before, I don't recall.

Mr. HALLEY. Who recommended him to you?

Mr. BERNSTEIN. I do not know, sir.

Mr. HALLEY. How long did you know Florence Burns, the vice president of Trans-American?

Mr. BERNSTEIN. I only met Florence Burns in connection with the work; that is the first time I ever met her.

Mr. HALLEY. How often have you seen any of the three officers—A. J. Burns, Florence Burns, or Ralph O'Hara—since the dissolution of Trans-American?

Mr. BERNSTEIN. I haven't seen any of the Burnses, to the best of my recollection, since the time of dissolution, unless it may have been in connection with the final income-tax return. I am not positive, but Mr. O'Hara I met on frequent occasions.

Mr. HALLEY. Since that?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Where have you seen him?

Mr. BERNSTEIN. In my office or on the street.

Mr. HALLEY. Do you continue to do this income-tax work?

Mr. BERNSTEIN. I do not, sir. He hasn't referred any further work to me since the dissolution.

Mr. HALLEY. Now, in 1947, Trans-American had a gross income according to the returns of \$175,188.88, with a net loss of \$184,784.89. Would that be right?

Mr. BERNSTEIN. If that is reflected on the income-tax return, and based upon the information given to me by the auditor, that would be correct.

Mr. HALLEY. And the corporation was finally dissolved in November 1947; is that right?

Mr. BERNSTEIN. If that is the right date, Mr. Halley. I am trusting your statement to be true.

Mr. HALLEY. You handled the dissolution?

Mr. BERNSTEIN. I did.

Mr. HALLEY. As I see it, there is a total loss for the 2 years of over \$300,000; is that right, about \$310,000?

Mr. BERNSTEIN. If that is reflected on the books, that would be true. I don't know.

Mr. HALLEY. From your knowledge of A. J. Burns, Florence Burns, and Ralph O'Hara, did they have assets that would have enabled them to invest \$310,000?

Mr. BERNSTEIN. I have no independent knowledge of any of these people's finances, sir.

Mr. HALLEY. In 1946 you filed Ralph O'Hara's income-tax return; did you not?

Mr. BERNSTEIN. I did. I believe that was the first I ever filed for him.

Mr. HALLEY. And it showed an income from Central Illinois Printing Co. of \$2,075, and income of \$4,700 from Trans-American, with a total gross income of \$6,875; is that not right?

Mr. BERNSTEIN. Mr. Halley, I don't know. I haven't the returns before me. I couldn't tell you whether that is correct.

Mr. HALLEY. If it so says, you wouldn't contest it?

Mr. BERNSTEIN. If that is the return that I prepared, and bears my signature, I am assuming that to be true.

Mr. HALLEY. And in 1947 you filed a return form showing a total income of \$3,973.50; would that not be right?

Mr. BERNSTEIN. My statement would be the same as the prior instance.

Mr. HALLEY. Do you have any idea of where Trans-American News Service borrowed the money to enable it to continue in business for 2 years?

Mr. BERNSTEIN. As I stated before, Mr. Halley, there were loans made to the corporation from various parties. I don't recall their names. It is all indicated on the books and records.

Mr. HALLEY. Do you recall any of the names of any of the parties who made the loan?

Mr. BERNSTEIN. All that I recall is one, that is R. & H.

Mr. HALLEY. R. & H. How much did R. & H. lend to Trans-American?

Mr. BERNSTEIN. I don't know.

Mr. HALLEY. What is your best recollection? Would it be a sum in excess of \$5,000?

Mr. BERNSTEIN. On conjectures, I would rather not place myself in a position to state what it is; I don't recall.

Mr. HALLEY. I am not asking for conjecture. I am asking for your best recollection.

Mr. BERNSTEIN. It was a substantial sum of money. I couldn't say how much.

Mr. HALLEY. It was substantial?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Do you have an office file in connection with Trans-American?

Mr. BERNSTEIN. I did, sir. That was all turned over to Mr. O'Hara.

Mr. HALLEY. Your own legal records were turned over to him?

Mr. BERNSTEIN. I turned the entire file in when I closed with the case. When the corporation was dissolved, my work was through.

Mr. HALLEY. As a lawyer, you dissolved the corporation in 1947, is that right?

Mr. BERNSTEIN. If that is the date, yes.

Mr. HALLEY. And you kept the files in your office until some time—until the formation of this committee this year, is that right?

Mr. BERNSTEIN. I had the files in my office, sir, and they were surrendered prior to any subpoena being served on me, or knowledge that I was wanted.

Mr. HALLEY. I would not contest that. They were surrendered after the formation of this committee, I believe?

Mr. BERNSTEIN. If this committee was organized subsequent to March, I mean some time prior to April, I would say, I mean subsequent to April, I would say "Yes."

Mr. HALLEY. Well, if the resolution for the creation of this committee was submitted to the Senate on March 1, 1950, the answer would be "Yes" then?

Mr. BERNSTEIN. In my opinion, they were turned over some time after March, yes.

Mr. HALLEY. Now, there must have been a legal file in connection with the dissolution, was there not?

Mr. BERNSTEIN. All you would have in that file is merely the—there would be the minutes, if you recall, the minutes would indicate the certificates of dissolution.

There would be no other file on that, sir.

Mr. HALLEY. The company owed some rather substantial sums to various people, did it not?

Mr. BERNSTEIN. I indicated that it did.

Mr. HALLEY. And under the law of Illinois, did you not have to get the consent of those people to the dissolutionment?

Mr. BERNSTEIN. I think such consent was obtained by the corporation.

Mr. HALLEY. Would you not have those consents in your file?

Mr. BERNSTEIN. No, sir; I do not. That would be in the minute book.

Mr. HALLEY. You obtained the consents yourself, did you not?

Mr. BERNSTEIN. I may have.

Mr. HALLEY. Well, you did, in fact?

Mr. BERNSTEIN. I said I may have. I do not know. I do not recall.

Mr. HALLEY. Well, if I showed you one would it refresh your recollection?

Mr. BERNSTEIN. It would.

Mr. HALLEY. I show you a letter on the letterhead of Eugene Bernstein dated July 14, 1947, addressed to Reliable News Service, 1919 State Street, East St. Louis, Ill., reading:

GENTLEMEN: Enclosed please find a communication which I am advised you have agreed to sign. I suggest that the same be written on your stationery if you have such, otherwise execute the enclosed letter and return to me.

Respectfully.

Is that your signature on it?

Mr. BERNSTEIN. That is my signature.

Mr. HALLEY. Now, wouldn't you have copies of your own letters to these people?

Mr. BERNSTEIN. No, sir; I have none of that file at all.

Mr. HALLEY. What did you do? Did you go to your—

Mr. BERNSTEIN. I turned the entire files—when I close a case the entire file is through.

Mr. HALLEY. May we have that in evidence?

The CHAIRMAN. This will be exhibit No. 56.

(The letter referred to was marked "Exhibit No. 56," and appears in the appendix on p. 1405.)

Mr. BERNSTEIN. And then the entire file is kept together with all those records, and I turned the entire record over to Mr. O'Hara.

Mr. HALLEY. Are you able to say, then, without making any further check, that you are quite sure that you don't have copies of such letters to all—

Mr. BERNSTEIN. No, sir; I don't have any of that file.

Mr. HALLEY. You see, if you had that file we could find out at least who loaned that \$310,000—

Mr. BERNSTEIN. I'd be glad to give it to the committee if I had it.

Mr. HALLEY (continuing). To Trans-American. Now, in addition to R. & H., did any of the individual partners of R. & H. lend money to Trans-American?

Mr. BERNSTEIN. I don't know which one did. I think it came right from this partnership.

Mr. HALLEY. Did Katz lend any?

Mr. BERNSTEIN. I couldn't tell which one did. I think it came right from the partnership.

Mr. HALLEY. Right from the partnership?

Mr. BERNSTEIN. Yes.

Mr. HALLEY. And the partners were——

Mr. BERNSTEIN. As I have indicated to you before, the partners were Levin, Katz—I can't——

Mr. HALLEY. Jones?

Mr. BERNSTEIN. Jones.

Mr. HALLEY. Ray Jones?

Mr. BERNSTEIN. Ray Jones.

The CHAIRMAN. Which Katz is that?

Mr. BERNSTEIN. Phil Katz.

Mr. HALLEY. Hyman Levin?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. And you filed the income-tax returns for that partnership?

Mr. BERNSTEIN. I did, sir.

Mr. HALLEY. For R. & H.?

Mr. BERNSTEIN. I did, sir.

Mr. HALLEY. For how long have you been filing such returns?

Mr. BERNSTEIN. Since the inception of the partnership.

Mr. HALLEY. And do you file individual income-tax returns for the individual partners, too?

Mr. BERNSTEIN. I have, sir.

Mr. HALLEY. And do you still do that today?

Mr. BERNSTEIN. That I don't know.

Mr. HALLEY. Do you still do it for R. & H. today?

Mr. BERNSTEIN. I say I don't know. I don't know if they are retaining my services any further.

Mr. HALLEY. Did you do it last year, 1949?

Mr. BERNSTEIN. I did, yes, sir; 1949.

Mr. HALLEY. And 1948?

Mr. BERNSTEIN. I did, sir.

Mr. HALLEY. Did you do it prior to 1946?

Mr. BERNSTEIN. Whenever the partnership was created. The partnership return would indicate that. That was the period from which I filed those returns.

Mr. HALLEY. Now, you also file returns for Anthony Accardo, do you not?

Mr. BERNSTEIN. I do, sir.

Mr. HALLEY. And for Jack Guzik?

Mr. BERNSTEIN. Yes, sir.

Mr. HALLEY. And you have done that for many years before 1946, would that be right?

Mr. BERNSTEIN. Well, that is a comparative term, whatever you call "many."

Mr. HALLEY. Well, say about 1940?

Mr. BERNSTEIN. I believe 1940, 1941.

Mr. HALLEY. That would be fair, would it not?

Mr. BERNSTEIN. I believe that is right.

Mr. HALLEY. Now, would it be fair to say that then R. & H. was your client both before and after 1946, and the partners thereof, too, but that Burns and O'Hara were your clients only during the Trans-American period?

Mr. BERNSTEIN. That would be a correct statement.

Mr. HALLEY. Do you have any recollection at all as to whether or not it was not R. & H. or some partner of R. & H. who introduced Burns and O'Hara to you?

Mr. BERNSTEIN. I know definitely they did not. I know Mr. O'Hara came to my office.

Mr. HALLEY. Did anybody tell you to expect him?

Mr. BERNSTEIN. They did not, sir.

Mr. HALLEY. He came in cold, no introduction?

Mr. BERNSTEIN. I don't know what you mean by "cold."

Mr. HALLEY. With no introduction?

Mr. BERNSTEIN. Well, he came into my office the same as any other client would come into any lawyer's office.

Mr. HALLEY. Well, when a client comes in you say, "Who sent you?"

Mr. BERNSTEIN. That may be your practice, it is not mine.

Mr. HALLEY. You just opened the door and let him in?

Mr. BERNSTEIN. That is right. Any client that wants to walk into my office—they can come in.

Mr. HALLEY. You had no curiosity as to how Burns and O'Hara got your name?

Mr. BERNSTEIN. No, sir; I didn't.

Mr. HALLEY. What was the relationship between R. & H. and Trans-American?

Mr. BERNSTEIN. Purely that of a customer and—one purchased service from the other, that is all that I know of it.

Mr. HALLEY. What was the business of the R. & H. Publishing Co.?

Mr. BERNSTEIN. I believe it was the service business.

Mr. HALLEY. They sold wire service?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. And do you recall whether in the year 1946 R. & H. made a net profit of \$63,000?

Mr. BERNSTEIN. I do not know, sir.

Mr. HALLEY. You do not know that?

Mr. BERNSTEIN. No, sir.

Mr. HALLEY. You did file the returns?

Mr. BERNSTEIN. I did, sir.

Mr. HALLEY. And if the return showed that, that would be correct?

Mr. BERNSTEIN. Whatever the return indicates, I am assuming it would be true, from the information furnished me.

Mr. HALLEY. In the year 1948 a net profit of \$55,000?

Mr. BERNSTEIN. Whatever the records would indicate, that would be true, sir.

Mr. HALLEY. That would be so?

Mr. BERNSTEIN. So far as I know.

Mr. HALLEY. In addition to R. & H. and Reliable, can you think of any other people who loaned money to Trans-American News?

Mr. BERNSTEIN. If you wanted to show me that letter, that might have been one; I could not recall who they were; it seemed to me it may have been from six to eight.

Mr. HALLEY. Was there any in Nevada, Las Vegas?

Mr. BERNSTEIN. I wouldn't remember.

Mr. HALLEY. There is a check from the Golden Nugget Corp. in Nevada. Do you recall that?

Mr. BERNSTEIN. I had nothing to do with the checks, sir.

Mr. HALLEY. You had nothing to do with it?

Mr. BERNSTEIN. I had nothing to do with the receipt of any funds.

Mr. HALLEY. Do you recall an accounts payable to the Golden Nugget for \$12,000?

Mr. BERNSTEIN. Independently, I do not.

Mr. HALLEY. You do not?

Mr. BERNSTEIN. I do not.

Mr. HALLEY. Did you ever hear of Bugsy Siegel?

Mr. BERNSTEIN. From the newspapers.

Mr. HALLEY. Do you know whether he loaned any money to Trans-American News Service?

Mr. BERNSTEIN. That I do not know, sir.

Mr. HALLEY. So far as you know the major lender you can remember is R. & H.?

Mr. BERNSTEIN. It seems to me there were a couple that were outstanding, I don't recall. I mean it was a substantial sum. I do not know who they were outside of R. & H., whom I represent.

Mr. HALLEY. Did Guzik lend them any money?

Mr. BERNSTEIN. So far as I know, he did not.

Mr. HALLEY. Did Accardo lend them any money?

Mr. BERNSTEIN. So far as I know, he did not.

Mr. HALLEY. Or Humphreys?

Mr. BERNSTEIN. So far as I know, he did not.

Mr. HALLEY. And you think the individual partners of R. & H. did not?

Mr. BERNSTEIN. Well, now, legalistically you speak of a partnership. They are all independent and they act jointly and severally. If you want to use the several term that way, all well and good.

Mr. HALLEY. We are not being legalistic at this point. We are trying to find out who made these loans.

Mr. BERNSTEIN. So far as I know they are the R. & H.

Mr. HALLEY. Then it would appear that Trans-American Service was a corporation with three officers whose salaries were in the \$5,000 range, and that over a period of 2 years they lost in excess of \$300,000, and were supported by seven or eight creditors whose names you do not recall, except for R. & H. and on having your recollection refreshed, Reliable?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. And R. & H. was a very substantial creditor?

Mr. BERNSTEIN. That is true.

Mr. HALLEY. And nobody attempted to collect their debts by any legal means, is that correct?

Mr. BERNSTEIN. No, because it would be unavailing.

Mr. HALLEY. Nobody thought to bring a bankruptcy proceeding or suit?

Mr. BERNSTEIN. Well, that is of record—they did not.

Mr. HALLEY. That is right. You had no trouble with these creditors?

Mr. BERNSTEIN. I did not, no, sir.

Mr. HALLEY. You got in touch with them all?

Mr. BERNSTEIN. I believe letters—now that my memory has been refreshed I believe similar letters may have been sent to all those creditors.

By the way, there is a statute in the law requiring such a letter. All the statute in Illinois requires is that means be taken to discharge any debts.

Mr. HALLEY. Such a letter would be one method?

Mr. BERNSTEIN. That is one of the methods. This was not an Illinois corporation.

Mr. HALLEY. Where was this—oh, it was a Delaware corporation?

Mr. BERNSTEIN. It was a Delaware corporation, so it was an entirely different law.

Mr. HALLEY. Now, going on to some of your other clients, which others of your customers were in the wire service in any way?

Mr. BERNSTEIN. Those are the only ones that I know of.

Mr. HALLEY. Well, let's see. We have O'Hara; we have Trans-American.

Mr. BERNSTEIN. That would be Trans-American. I mean, I don't count O'Hara as being a wire service, except he is in the corporation.

Mr. HALLEY. We have R. & H.; is that right?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Was there a partnership called Guzik and Accardo?

Mr. BERNSTEIN. There was.

Mr. HALLEY. Was that not in the wire service?

Mr. BERNSTEIN. No, sir; it was not. So far as I know, it was not.

Mr. HALLEY. Well, did you file a partnership return for that partnership?

Mr. BERNSTEIN. I did, sir.

Mr. HALLEY. In 1949?

Mr. BERNSTEIN. I did.

Mr. HALLEY. Do you recall it showing total gross income of \$271,415.08?

Mr. BERNSTEIN. Mr. Halley, it would be rather difficult for any lawyer to try to remember anything that transpired throughout that period of years, I don't know what was in any of the returns independently.

Mr. HALLEY. This was the 1949 return.

Mr. BERNSTEIN. I do not recall.

The CHAIRMAN. Give us your best estimate about it.

Mr. BERNSTEIN. I wouldn't even venture a guess.

The CHAIRMAN. This was just 1949.

Mr. BERNSTEIN. I do not know, Senator, I do not know.

Mr. HALLEY. If the return so says—

Mr. BERNSTEIN. Whatever the return indicates, sir, that would be the information that was presented to me.

Mr. HALLEY. It appears to be signed by Anthony Accardo. Do you recall that? Do you recall Accardo coming into your office and signing a partnership return?

Mr. BERNSTEIN. I may have taken that return to his home.

Mr. HALLEY. You may have?

Mr. BERNSTEIN. Yes, sir.

Mr. HALLEY. Do you recall having done it?

Mr. BERNSTEIN. I think I brought a return to his home.

Mr. HALLEY. It says here——

Mr. BERNSTEIN. Well——

Mr. HALLEY (continuing). That there was an attorney's fee of \$3,000. Was that paid to you?

Mr. BERNSTEIN. It was, sir.

Mr. HALLEY. And that would have left a net of \$268,415; would that be right?

Mr. BERNSTEIN. The attorney's fees would have been deducted prior to indicating whatever the profit was.

Mr. HALLEY. After the attorney's fees?

Mr. BERNSTEIN. Yes. I trust you don't object to my fees.

Mr. HALLEY. Wasn't there a loss in that year?

Mr. BERNSTEIN. I don't remember.

Mr. HALLEY. If the return shows an item of partnership, syndicates, pools, and so forth, S. & G. Service, loss \$7,252.81, would that be an item of loss for this partnership according to the return?

Mr. BERNSTEIN. Whatever the return would reflect, sir, those would be the facts as presented to me.

Mr. HALLEY. Where did you get the information for this return?

Mr. BERNSTEIN. It was presented to me by my clients.

Mr. HALLEY. Which of your clients told you they had a loss on the S. & G. Service?

Mr. BERNSTEIN. It may have been Mr. Accardo; I don't know. I don't remember.

Mr. HALLEY. Do you recall that the S. & G. service was another name for the S. & G. Syndicate, or another part of the S. & G. Syndicate in Florida?

Mr. BERNSTEIN. I do not know them, excepting what I have read about them.

Mr. HALLEY. You have followed it in the newspapers as far as this investigating committee?

Mr. BERNSTEIN. Whether that is the same group I don't know.

Mr. HALLEY. S. & G. Service was a name used for one part of their function, and you may recall that Mr. Accardo also sold a yacht to the S. & G. Syndicate called the Clara Jo?

Mr. BERNSTEIN. I do not recall that, and I do not know that.

Mr. HALLEY. You do not know that?

Mr. BERNSTEIN. No, sir.

Mr. HALLEY. Did he show in his income-tax return for the year 1948 any work sheet showing a capital gain or loss on the sale of a yacht, the Clara Jo, to the S. & G. Syndicate?

Mr. BERNSTEIN. He did not, sir. He would not be permitted to deduct the loss, because it was personal in nature.

Mr. HALLEY. You may have known a man named Harry Russell?

Mr. BERNSTEIN. I do, sir.

Mr. HALLEY. Have you ever filed any income-tax returns for him?

Mr. BERNSTEIN. I don't believe I ever did.

Mr. HALLEY. He was once in partnership, was he not, with Tony Accardo?

Mr. BERNSTEIN. I do not know.

Mr. HALLEY. Did Mr. Accardo ever mention Harry Russell to you?

Mr. BERNSTEIN. Not that I recall.

Mr. HALLEY. Did he ever mention the S. & G. Syndicate to you?

Mr. BERNSTEIN. Excepting from what you indicate is on that return.

Mr. HALLEY. What did he say? Did he tell you about Harry Russell?

Mr. BERNSTEIN. No, he didn't tell me. He presented me with certain facts, written facts, from which I prepared the return I made the dummy return from.

Mr. HALLEY. Did he say "Guzik and I are in the S. & G. with Russell"?

Mr. BERNSTEIN. If I show that on the partnership return, that must have been so.

Mr. HALLEY. As you know, most of the returns filed for the people in the gambling business are very sketchy. They will have an item miscellaneous, or partnerships, special things like that. They don't go into very much detail, as you know.

Now this says, partnerships, syndicates, pools, et cetera, S. & G. Syndicate, showing a loss of \$7,252.81.

Mr. BERNSTEIN. As I recall, that is a printed form in the income tax return under which you may file income from any of those four or five sources. That is not written in by the taxpayer.

Mr. HALLEY. That is right. Then there was typed in in that place S. & G. Service.

Mr. BERNSTEIN. Obviously you have the return so whatever the return reflects must be true.

Mr. HALLEY. Mr. Bernstein, this S. & G. thing was a pretty serious matter. It seems to me that Accardo must have said something to you about it.

Mr. BERNSTEIN. That is your opinion. You don't know Accardo. These people don't tell you anything. They say here are the facts that I have, and I prepare the return on what I have. They take full responsibility for their returns as the information indicated.

Mr. HALLEY. Is there any disposition on your part not to want to know anything?

Mr. BERNSTEIN. No, sir. If I feel a client wants to give me information, that is up to him.

Mr. HALLEY. Did you ask him anything about what kind of a partnership or syndicate he had with Guzik?

Mr. BERNSTEIN. I did not, sir.

Mr. HALLEY. That involved the S. & G. Service?

Mr. BERNSTEIN. I did not.

Mr. HALLEY. Did you ask if there was any other partner in it?

Mr. BERNSTEIN. I did not. I don't recall that offhand now, Mr. Halley.

Mr. HALLEY. I am asking you now, as a member of the bar, to help. The testimony this committee has is that a man named Harry Russell went to Florida and purchased a one-sixth interest in the S. & G.

Syndicate for \$20,000; that he suffered a loss for the year 1949; and that for the year 1949 he did not file an income tax return, the reason being given by his accountant to this committee that he had a net loss for the year. It also appears that in 1949 Tony Accardo sold the S. & G. Syndicate his yacht for \$20,000.

It now appears on an income tax return filed by you for Guzik and Accardo, a partnership return, that Guzik and Accardo also claim a loss on the S. & G.—the S. & G. Service in this case, which is one of the forms of the S. & G. Syndicate—for \$7,252.81.

Now, can't you throw any light on that at all?

MR. BERNSTEIN. I cannot, sir.

MR. HALLEY. Does this committee get only such information as it can wrest from the bare files that it can find?

MR. BERNSTEIN. Mr. Halley, if I had such information I would be glad to give it to this committee.

MR. HALLEY. When did you last see Tony Accardo?

MR. BERNSTEIN. I haven't seen Mr. Accardo since last—it would be March or April.

MR. HALLEY. When did you last hear from him?

MR. BERNSTEIN. I haven't heard from him.

MR. HALLEY. Where are the work papers for the partnership of Guzik and Accardo?

MR. BERNSTEIN. I do not have those work papers. I told you how that information was given to me.

MR. HALLEY. Did you make several trips to Accardo's house or did you prepare the return in the course of one trip?

MR. BERNSTEIN. No; he would give me the information and I would come to his home subsequently with the prepared returns. I make up the dummy copy and then come back to his home with it. Mr. Accardo kept out of the Loop as much as he could.

MR. HALLEY. He lived in River Forest?

MR. BERNSTEIN. That is right.

MR. HALLEY. He still maintains a home there, I presume?

MR. BERNSTEIN. The last time I knew him he did.

MR. HALLEY. Have you heard from him prior to this hearing?

MR. BERNSTEIN. I have not.

MR. HALLEY. Have you any idea as to his whereabouts?

MR. BERNSTEIN. I have not, sir.

MR. HALLEY. Has he a wife?

MR. BERNSTEIN. He certainly has, and children.

MR. HALLEY. Where is she?

MR. BERNSTEIN. I don't know.

MR. HALLEY. Prior to March of this year, did you visit his home with any regularity?

MR. BERNSTEIN. No; I have only visited Mr. Accardo solely to prepare the returns. I don't believe I visited that home maybe more than two or three times a year.

MR. HALLEY. You made a number of trips to Leavenworth prison with him to visit Campagna and Ricca?

MR. BERNSTEIN. That is right.

MR. HALLEY. And you must have had a number of conversations with Accardo on these trips? You had plenty of opportunity to talk.

MR. BERNSTEIN. That is right.

Mr. HALLEY. Was he a personal friend of yours?

Mr. BERNSTEIN. No, sir; just purely a client.

Mr. HALLEY. What is his business?

Mr. BERNSTEIN. On the ground of privilege, I don't believe I should be made to answer that, because any information I ascertained as to what his vocation was was purely in a confidential relationship of attorney and client, and I ask the committee to please recognize that plea. You gentlemen know what his business is, so why place me in a position that I have to reveal information given to me as a lawyer?

Mr. HALLEY. For two reasons, Mr. Bernstein. First, I don't think the professional privilege applies to information given in the conduct of a criminal business, and obviously since the use of your services for any conduct of his gambling businesses would be to help the business and not in connection with any litigation growing out of it—

Mr. BERNSTEIN. Sir, I resent the inference that I was associated in any criminal business with these men or any innuendos like that.

The CHAIRMAN. There isn't any inference. The question was, and the observation, I think, is correct, that, in the first place, this is not a court and we are not bound by the rules of privilege, but, even if we were, it doesn't apply to illegal operation of this sort, I think. Anyway, we won't press the point if you don't want to tell.

Mr. HALLEY. In the second place, I would like to press a second point, Mr. Chairman, which is that I believe that such knowledge as Mr. Bernstein has about Mr. Accardo's business probably came to him through other sources and in discussions in which third parties were present, so that there is no privilege.

I don't believe Accardo made any secret of his business.

Mr. BERNSTEIN. If he made no secret, why ask me? You know it.

Mr. HALLEY. I want a statement in this record under oath, and I am entitled to have it.

Mr. BERNSTEIN. I believe the Senator has ruled on that, and I can say to you that I have never had any conferences with Mr. Accardo when anybody was present. He would excuse everybody away. We would talk alone.

Mr. HALLEY. You traveled to Leavenworth prison with him and other people, did you not, on some occasion?

Mr. BERNSTEIN. I traveled with Mr. Accardo; yes.

Mr. HALLEY. Didn't other people go along?

Mr. BERNSTEIN. No, sir.

Mr. HALLEY. You came back with him. Who did you come back with on the occasion that Ricca and Campagna were let out?

Mr. BERNSTEIN. You have asked me that on numerous occasions. I told you that I came back with just the paroles.

Mr. HALLEY. Accardo came back separately?

Mr. BERNSTEIN. Accardo was not with me.

Mr. HALLEY. He did not go?

Mr. BERNSTEIN. No.

Mr. HALLEY. There was no trap in that question.

Mr. BERNSTEIN. I know definitely it appears to be a trap.

Mr. HALLEY. I am just trying to find out some occasion when you might have been with Mr. Accardo and someone else and found out he was in the gambling business.

Mr. BERNSTEIN. I don't know.

Mr. HALLEY. I tried to give you an opportunity to help this committee.

Mr. BERNSTEIN. Well, the committee knows all that information, so why keep on pressing me for something which the committee knows, and place me in an embarrassing position?

Mr. HALLEY. If the committee knows it anyhow, why don't you try to give the record even some innocuous point of help to the committee?

Mr. BERNSTEIN. I believe the Chair has ruled with me.

Mr. HALLEY. Now the profit on this income tax for the year for the two men is \$268,315.08?

Mr. BERNSTEIN. Whatever the return reflects, sir, that would be the information. I don't have any independent recollection of anything on those returns.

Mr. HALLEY. And the other business was the Erie & Buffalo Co., is that right?

Mr. BERNSTEIN. If that is what is reflected on the return, that is what it would be.

Mr. HALLEY. Did you ever before this hear of the Erie & Buffalo Co.?

Mr. BERNSTEIN. Independently, no, sir; just from the information I get from Mr.——

Mr. HALLEY. Just from the information you got from Mr. Accardo?

Mr. BERNSTEIN. From Mr. Accardo; that is right.

Mr. HALLEY. It was a policy wheel, wasn't it?

Mr. BERNSTEIN. I don't know.

Mr. HALLEY. Didn't Mr. Accardo tell you that?

Mr. BERNSTEIN. He did not, sir.

Mr. HALLEY. Haven't you ever heard from any other source it was a policy wheel?

Mr. BERNSTEIN. No, sir; except what I get from inference.

Mr. HALLEY. From inference?

Mr. BERNSTEIN. That is right, what I have heard from the press. That was subsequent to that time.

Mr. HALLEY. It is a pretty good inference, isn't it?

Mr. BERNSTEIN. It may be; I don't know.

Mr. HALLEY. Isn't it a custom in filing income taxes for businesses to list expenses, detail them?

Mr. BERNSTEIN. Certainly. Where haven't I listed them, sir?

Mr. HALLEY. In this partnership I see nothing.

Mr. BERNSTEIN. I did not make up any. I don't recall that return offhand.

Mr. HALLEY. I will show you a copy of the information taken off of it.

Mr. BERNSTEIN. There may have been a statement submitted to me on that. If I recall, I think there was a statement furnished to me and that showed the amount they got.

Mr. HALLEY. Don't you ever ask these fellows for any itemization of their expenses, any proof of the deductions they take?

Mr. BERNSTEIN. As far as I know independently, personally, all of the deductions they claim are contributions, which they make rather substantial ones, and they submit vouchers on that. I believe that is about the only deductions they claim outside of their personal exemptions.

Mr. HALLEY. They charge this income as net, but they don't give gross and the various expenses of operating. For instance, did you prepare Accardo's personal income tax return for '49?

Mr. BERNSTEIN. I did, sir.

Mr. HALLEY. Now in addition to the income from Guzik and Accardo of \$142,281.54, I note that you show an income of some \$33,000 from the Owl Club at 7843 South Cottage Grove.

Mr. BERNSTEIN. There was some income reported from that club; yes.

Mr. HALLEY. What was the business of that club?

Mr. BERNSTEIN. I do not know.

Mr. HALLEY. Gambling, too?

Mr. BERNSTEIN. I do not know.

Mr. HALLEY. You have no idea?

Mr. BERNSTEIN. No, sir. All I have is the net amount given me. I do not prepare the Owl Club return; I do not know anything about it. All I know is the net amount.

Mr. HALLEY. Were you ever in the Owl Club?

Mr. BERNSTEIN. No, I don't know.

Mr. HALLEY. Was there some loss from a Trotters' Club? Do you know where that is?

Mr. BERNSTEIN. That I don't recall.

Mr. HALLEY. You don't recall a loss of \$347.35 from the Trotters' Club?

Mr. BERNSTEIN. I don't recall; no.

Mr. HALLEY. Now, claiming these fairly substantial sums of income, don't these people itemize from where the money came, and where it goes?

Mr. BERNSTEIN. Mr. Halley, these returns have all been audited by the Internal Revenue office, and they have been found to be accurate in past periods, and I am assuming those returns to be correct. Based upon—we have had—a lot of us lawyers have had difficulty having these men give incomplete data for the returns. I feel that these returns are substantially correct. I think they report more income than they actually earned.

Mr. HALLEY. Do you feel that they fairly state the sources of their income in their income-tax return?

Mr. BERNSTEIN. Excepting when you say "miscellaneous," I know they report all their income.

Mr. HALLEY. "Miscellaneous," is that a proper way to report income?

Mr. BERNSTEIN. It is; yes. The statute recognizes that.

Mr. HALLEY. Where does the statute say you may report a huge sum of money in round figures as "miscellaneous"?

Mr. BERNSTEIN. The statute says you shall report the income. It doesn't say how.

Mr. HALLEY. That is accurate?

Mr. BERNSTEIN. That is accurate. It is up to them. They must assume the burden.

Mr. HALLEY. I would like to turn to the Accardo return for 1948. On that, there is a sum of income from "various sources, \$60,000." A nice round figure.

Did you prepare this 1948 return?

Mr. BERNSTEIN. I did, sir.

Mr. HALLEY. How do you justify throwing a sum of \$60,000 in round numbers from "various sources?"

Mr. BERNSTEIN. If the taxpayer tells me that he has that much income, indicates to me that they have added on a certain sum of money to play safe to cover any additional sum, then I feel certain that is accurate. They give you the information. The Internal Revenue agent must run it down. They will not give us any further information than that.

Mr. HALLEY. Do you feel that the tax law should be revised so that the burden isn't upon the Internal Revenue man to chase down a man who writes "other sources, \$60,000"?

Mr. BERNSTEIN. If you have read the various cases in the tax court and the Supreme Court, that have gone on on these various questions as to income from certain sources, the tax court has said if they have the temerity to claim certain deductions, if they give us the income, where the income comes from, we will permit the deduction. They permit the taxpayer to file it under the miscellaneous or there wouldn't be a place on the return for it.

Mr. HALLEY. The question now doesn't relate to the present law. I will not purport to argue with you about the present law. Do you think the present law acts fairly as between the honest citizen and a legitimate business with a full set of books, and the man whose business is such that he must report in an ambiguity, "\$60,000"?

Mr. BERNSTEIN. If you didn't have that provision in the law, there would be a tremendous amount of income in revenue lost to the Government.

Mr. HALLEY. How would that be?

Mr. BERNSTEIN. For the simple reason, these men, because of the particular provision of the return, report income that they know committees cannot get hold of and divulge that information. They know the State authorities used to be able to get the income-tax returns; the personal property department would get the returns. So, in order to provide a complete revenue, providing the provision they may report miscellaneous income in the manner in which they do, you are getting a more complete return than you would in any other way.

Mr. HALLEY. They report the income because they don't want to go to jail.

Mr. BERNSTEIN. And a lot of good citizens don't do it.

Mr. HALLEY. And they have the opinion that the Internal Revenue Bureau would get it, and they would go to jail.

Mr. BERNSTEIN. We have compelled these men to make honest and proper returns.

Mr. HALLEY. How can anybody tell whether there has been a proper audit on this \$60,000 round sum figure?

Mr. BERNSTEIN. Well—

Mr. HALLEY. If Accardo tells you "I have added a sum to make sure I am right." How do you know he didn't deduct the round sum?

Mr. BERNSTEIN. Place yourself in my position in making up an income-tax return.

Mr. HALLEY. I don't like to.

Mr. BERNSTEIN. You don't have to. You work with the committee and I work with my client. My client submits certain facts to me.

He says, "This is my entire income." I ask very definitely if he has any other source of income. If I have independent knowledge of something, I will inquire about it, and try to break it down. I can't go beyond that, and no lawyer can turn around and ask a client, "You definitely promise and swear by the Bible that everything you gave to me is holy?" We have to take our client's word for it.

We are lawyers, and we are not inquisitory bodies. Based upon the information they give us, we prepare the return. That is as far as we can go. Otherwise, you would never get returns completed.

Suppose that they walk into the Internal Revenue Bureau and ask the aid of a deputy collector to make the return. He doesn't go as far as the lawyer. They take the facts, figure it, and go away. Why should a lawyer go beyond that? We do.

You can go to any revenue clerk and have a return prepared, and you would be surprised how little you are asked or how little corroboration you are asked for.

Mr. HALLEY. Now, in addition to Accardo, you prepared the return for Jack Guzik?

Mr. BERNSTEIN. I do, sir.

Mr. HALLEY. Just offhand, do you recall filing a return in 1938 showing the total net income as \$7,250?

Mr. BERNSTEIN. I do not recall any of the figures on those returns, sir.

Mr. HALLEY. Do you think that would be all he had earned in 1938?

Mr. BERNSTEIN. I am sorry, sir; I didn't hear you.

Mr. HALLEY. Do you honestly think that is all he earned in 1938?

Mr. BERNSTEIN. I have no reason to believe that my clients would lie to me or make a false return to the Government, especially since they have been audited and found to be accurate. By the way, 1938?

Mr. HALLEY. Yes.

Mr. BERNSTEIN. I don't know whether I prepared that return in 1938. I am not certain about it.

Mr. HALLEY. Well, as a matter of fact, he was convicted for an income-tax violation; wasn't he?

Mr. BERNSTEIN. That is when they learned their lesson. The men have paid their penalty and they are trying to do what is right.

Mr. HALLEY. Now, going over the list of other people whom you represented, you do represent Ricca?

Mr. BERNSTEIN. Since he has been out of the penitentiary; yes, sir.

Mr. HALLEY. And Campagna?

Mr. BERNSTEIN. Yes, sir; and since he has been out of the penitentiary.

Mr. HALLEY. Gioe?

Mr. BERNSTEIN. No, sir; I do not.

Mr. HALLEY. Hymie Levin?

Mr. BERNSTEIN. I do, sir.

Mr. HALLEY. Phil Katz?

Mr. BERNSTEIN. I do, sir.

Mr. HALLEY. Ray Jones?

Mr. BERNSTEIN. I do, sir.

Mr. HALLEY. Ralph Pierce?

Mr. BERNSTEIN. I don't recall ever having made a return for Ralph Pierce, thought I may have handled some tax——

Mr. HALLEY. I think you did back in 1940 and 1941?

Mr. BERNSTEIN. I made a return for Pierce? I don't think I did.

Mr. HALLEY. Russell, Pierce & Gioe?

Mr. BERNSTEIN. I don't think I ever made a return for them. I am not positive.

Mr. HALLEY. You think it may be?

Mr. BERNSTEIN. I don't think I did. I don't recall the firm.

Mr. HALLEY. Rocco De Grazia?

Mr. BERNSTEIN. Yes, sir; I do.

Mr. HALLEY. And Murray Humphreys?

Mr. BERNSTEIN. Yes, sir.

Mr. HALLEY. What is his business? I see a 1947 return for income of \$27,000 miscellaneous and nothing else on it except——

Mr. BERNSTEIN. I don't know what Mr. Humphreys' business is at all. I know nothing about it.

Mr. HALLEY. Well, in 1946, it is "Commissions and so forth, \$24,000."

Mr. BERNSTEIN. What year was that?

Mr. HALLEY. 1946. And in 1947 it is "Miscellaneous, \$27,000."

Mr. BERNSTEIN. Whatever those returns reflect, and I prepared them, then it is from the information given to me by my client.

Mr. HALLEY. He was in a laundry business at one time; was he not?

Mr. BERNSTEIN. Yes, and forced out of it because of political activities.

Mr. HALLEY. And in an oil business—what do you mean, "political activities"?

Mr. BERNSTEIN. I mean because these men tried to go into legitimate business and they are not permitted to.

Mr. HALLEY. Why not?

Mr. BERNSTEIN. Just because of the newspapers and other people that keep on pushing them around.

Mr. HALLEY. Is that why Accardo and Guzik were forced back in their paying policy racket?

Mr. BERNSTEIN. I don't know, sir. I don't know what racket they're in.

Mr. HALLEY. You filed this return for \$268,000?

Mr. BERNSTEIN. Yes, sir; I did.

Mr. HALLEY. You have represented Umburgio?

Mr. BERNSTEIN. Prior—I think up to the time of his death I prepared his returns.

Mr. HALLEY. And Ralph Capone?

Mr. BERNSTEIN. No, sir; I do—all I represented Ralph Capone for was this year in a matter of a tax settlement.

Mr. HALLEY. And Max Caldwell?

Mr. BERNSTEIN. I handled some settlement for him. I don't prepare returns for him. Some years back.

Mr. HALLEY. Have you done any work at any time for Continental Wire Service?

Mr. BERNSTEIN. No, sir; I don't even know them.

Mr. HALLEY. Or for Illinois Sports News?

Mr. BERNSTEIN. There was one—we had some litigation once. I don't know what the name of it was, Illinois Sports News or something

like that. I don't know which it was. I handled some litigation. That was all I handled.

Mr. HALLEY. If you should hear from your client, Mr. Accardo, would you attempt to ascertain for this committee any further information about the Accardo and Guzik participation in the S. & G. Service?

Mr. BERNSTEIN. These men wouldn't give me any information. I don't ask them for any information. I am not—I haven't got the same powers your committee has to get that information.

Mr. HALLEY. And you couldn't get it from them?

Mr. BERNSTEIN. No, sir; I wouldn't undertake it. I will be very definite about it.

Mr. HALLEY. Thank you.

The CHAIRMAN. Mr. Robinson?

Mr. G. S. ROBINSON. I have one or two questions, Mr. Bernstein.

Mr. BERNSTEIN. Yes, sir.

Mr. ROBINSON. On this 1949 partnership return where the loss on the S. & G. Service is indicated as \$7,252.18—what happened physically? Did Mr. Accardo just give you that figure and say, "Fill in the blank space"?

Mr. BERNSTEIN. He gave me that figure; yes, sir. He had that figure on a piece of paper and says, "This is what I lost." I mean, that may be the way it was given to me. I don't recall the exact conversation.

Mr. ROBINSON. What did you do, just take his figures and fill the form in?

Mr. BERNSTEIN. That is right. I understood that came off of some partnership return.

Mr. ROBINSON. Well, did he have it just written down on a little piece of paper?

Mr. BERNSTEIN. That is right. That is the way he gave it to me. He had a memorandum and he gave me the data as I prepared the return.

Mr. ROBINSON. And you had no discussion with him about the loss, whether that—

Mr. BERNSTEIN. No, sir.

Mr. ROBINSON. Whether that was actually the loss? Wouldn't you be in a position of trying to advise him or discuss with him what the loss was, that maybe he might have made a mistake about what the amount was?

Mr. BERNSTEIN. No; he indicated that it came off of some return that was filed, being his end of it. That is all I know. I may have prepared another return from which that information came off of. I don't recall. There may have been another return which that was based on.

Mr. ROBINSON. This is a partnership return.

Mr. BERNSTEIN. Yes; I am trying to recall, Mr. Robinson—there may have been another return filed from which that information came. I know it came off of some return. You see, in preparing a partnership return, you take the net figures and place them on your returns. You just take whatever the profit or loss is. You indicate it on the partnership income, on your return.

Mr. ROBINSON. You say you didn't handle Harry Russell's return last year?

Mr. BERNSTEIN. I don't recall that. I don't recall. I may have, but I doubt it. Of course, I know Mr. Brantman handles his work, but I don't see how I could have handled it.

Mr. ROBINSON. Did you refer Mr. Russell to Mr. Brantman?

Mr. BERNSTEIN. No, sir; Mr. Brantman has been representing him before I ever knew Mr. Russell.

Mr. ROBINSON. Do you know whether Mr. Russell has ever filed a return last year or not?

Mr. BERNSTEIN. I do not know. I don't know. I mean, I don't recall independently. Possibly he did. I don't know.

Mr. ROBINSON. Mr. Bernstein, is there any other reason besides the professional businessman's reason that you don't want to say anything about Mr. Accardo's business?

Mr. BERNSTEIN. That is all, Mr. Robinson. You are a lawyer, as well as I am, and that is the only thing I have in mind, nothing else.

The CHAIRMAN. Mr. Bernstein, when Mr. Accardo came to you with receipts from Erie and Buffalo & Co. of \$278,000 plus, that is an awful big amount of money, there must have been some discussion about how that happened; wasn't there?

Mr. BERNSTEIN. Senator, I don't recall that right now. I don't recall it. During that period, Senator, from January 15 to March 15, we try to get out a vast number of returns. We work to 2 or 3 o'clock in the morning.

The CHAIRMAN. I know, but you don't have an awful lot of people coming in with \$278,000 of receipts from one company or one operation; do you?

Mr. BERNSTEIN. Mr. Senator, I have some corporations that have receipts of over a million dollars' net income.

The CHAIRMAN. I know; this is just——

Mr. BERNSTEIN. I don't recall——

The CHAIRMAN. This is just a couple of fellows, though, getting \$278,000 from Erie and Buffalo & Co. Did you ask them—well, did they have a lot of papers to make that up or was it just written down on one piece of paper?

Mr. BERNSTEIN. That may have come from some other return which I may have prepared, and I don't recall right now, Senator.

The CHAIRMAN. Wouldn't you ask them for sort of a monthly breakdown on it or——

Mr. BERNSTEIN. No, sir; I would not.

The CHAIRMAN. Wouldn't you ask them what the expenses of the company were or whether it was a corporation or whether it was a partnership or what the Erie & Buffalo Co. was?

Mr. BERNSTEIN. I think there must have been a return filed for that company and that would show that.

The CHAIRMAN. There isn't any doubt in your mind this S. & G. syndicate is the same outfit that we were talking about down in Florida, isn't it, Mr. Bernstein?

Mr. BERNSTEIN. I don't know, sir; it may be. From the newspapers, it may be.

The CHAIRMAN. Well, the fact that Russell went down and got in this thing and that Accardo sold him the boat and that they were op-

erating together would certainly lead you to believe that, wouldn't it?

Mr. BERNSTEIN. Well, we all have a right of our own opinions, and based upon opinions as lawyers, we don't like to venture guesses on clients.

The CHAIRMAN. But I mean it would be a strange circumstance if that weren't true?

Mr. BERNSTEIN. It would be; yes.

The CHAIRMAN. All right, that is all, Mr. Bernstein.

Mr. BERNSTEIN. Thank you, sir.

(Witness excused.)

The CHAIRMAN. Let's cool off the court a little bit and have a 5-minute recess. We will resume again in 5 minutes.

(Short recess.)

The CHAIRMAN. The hearing will come to order. Mr. O'Hara, will you come forward?

How are you, Mr. O'Hara?

Mr. O'HARA. Fine, how are you?

Mr. CALLAGHAN. I am counsel for the witness.

The CHAIRMAN. Yes, sir. Let's get a chair right here for you.

Will you raise your right hand and be sworn, please? Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. O'HARA. I do.

The CHAIRMAN. And, sir, what is your name?

Mr. CALLAGHAN. My name is George F. Callaghan.

The CHAIRMAN. George F. Callaghan.

Mr. CALLAGHAN. Yes, sir, and thank you.

The CHAIRMAN. We are glad to have you with us, sir.

All right, Mr. Robinson and Mr. Halley.

Mr. HALLEY. Mr. Robinson will go ahead.

TESTIMONY OF RALPH J. O'HARA, TIEDTVILLE, ILL., ACCOMPANIED BY GEORGE F. GALLAGHAN, ATTORNEY

Mr. ROBINSON. State your full name, please?

Mr. O'HARA. Ralph J. O'Hara.

Mr. ROBINSON. Where do you live?

Mr. O'HARA. Tiedtville, Ill.

Mr. ROBINSON. And what is your present occupation, Mr. O'Hara?

Mr. O'HARA. Well, I refuse to answer that question for two reasons: First, that I do not think it is pertinent to the inquiry, and second, on the ground that it may tend to incriminate me.

Mr. ROBINSON. Incriminate you—

The CHAIRMAN. Well, now, just a minute. Let's get this matter straightened out.

In what connection do you think it might incriminate you, what Federal law do you have in mind?

Mr. O'HARA. Well, just that I think it will incriminate me, that is all, in some way.

The CHAIRMAN. You do not specify whether it is a Federal or State law, or what it may incriminate you on.

Mr. O'HARA. That is right, it might be State or Federal.

The CHAIRMAN. Mr. O'Hara, we are trying to get the facts, of course, and I think it should be stated here that under the statute that what you say here, and I think all witnesses should understand this, that under the Federal statutes what you say here cannot be presented in evidence against you, that is, in some other case nobody can get up and say that, "Mr. Ralph O'Hara testified such and such before the Senate Committee on Organized Crime."

We want to be entirely fair, and if there is something within the cases of the Supreme Court, of some Federal matter, that it might incriminate you, why, we don't want to take any unfair advantage of you, but on your general objection the chairman will have to order you to answer the question.

You can either answer it or you can refuse to answer it but, of course, it would be our expectation if you do refuse to answer it, and other substantial questions, we will have no alternative but to take some action in the matter by way of contempt of committee.

Mr. O'HARA. I still refuse to answer.

The CHAIRMAN. You refuse to follow the order of the chairman. Very well, proceed, Mr. Robinson.

Mr. ROBINSON. Mr. O'Hara, you were subpoenaed as the former secretary of the Trans-American Co. to produce certain books and records before this committee. Do you have those books and records?

Mr. O'HARA. No, sir; I have not.

Mr. ROBINSON. Did you ever have the records?

Mr. O'HARA. Yes; I had them at one time.

Mr. ROBINSON. What records are you speaking about?

Mr. O'HARA. Well, I don't know now, gentlemen, I want to get this into the record. You are going to ask me about the Trans-American, a defunct organization. We dissolved 41 months ago, we were out of business—

Mr. ROBINSON. Pardon. I did not get the last.

Mr. O'HARA. I say, our organization is a defunct organization and out of business 41 months. We dissolved about 40 or 41 months ago.

Mr. ROBINSON. Were you at one time secretary of the Trans-American Publishing Co.?

Mr. O'HARA. Yes.

Mr. ROBINSON. And how long were you secretary?

Mr. O'HARA. Well, that I refuse to answer.

The CHAIRMAN. You were directed to answer.

Mr. O'HARA. On my constitutional rights, on the ground that it may tend to incriminate me.

Mr. ROBINSON. As secretary—

The CHAIRMAN. Just a minute. Let's go this straight. The committee directs you to answer the question as to how long you were secretary of the Trans-American Corp. Do you refuse to follow the direction of the committee?

(No answer.)

The CHAIRMAN. Do you? Answer up, Mr. O'Hara.

Mr. O'HARA. Yes, sir. Pardon me.

Mr. ROBINSON. But you were secretary?

Mr. O'HARA. Yes.

Mr. ROBINSON. Is that correct?

Mr. O'HARA. Yes, sir.

Mr. ROBINSON. And as secretary you did have custody of the books and records?

Mr. O'HARA. Well, I am still going to refuse to answer.

Mr. ROBINSON. Did you or did you not have custody of the books and records?

Mr. O'HARA. Well, I say, I refuse to answer that on my constitutional rights.

The CHAIRMAN. You are ordered to answer the question.

Mr. ROBINSON. Did you—did the company—

The CHAIRMAN. Wait a minute.

Do you refuse to follow the direction of the chairman, Mr. O'Hara?

Mr. O'HARA. Yes, sir.

The CHAIRMAN. Did the company of which you were secretary have any books and records?

Mr. O'HARA. Well, I will have to repeat the same answer as the last.

The CHAIRMAN. Well, I want you to know you are directed to answer that question also.

Mr. O'HARA. I refuse to answer.

Mr. ROBINSON. Did you at one time deliver to or receive from Mr. Eugene Bernstein any books and records?

Mr. O'HARA. I explained that to you, Mr. Robinson, the day that I visited you and Mr. Kiley. I got some books from his office in the spring of this year.

Mr. HALLEY. Will you talk a little louder, if you don't mind.

Mr. O'HARA. I say, I got some books from Mr. Bernstein's office, it was in the spring of this year. I met him on the street one day and he said, "Why don't you come up and get them books." Well, I have been out of business all these years, and he said, "You might as well come and get them," and I said, "What the hell good are they to me?" And he said, "Come and get them," so I took them and put them in my car. I was downtown one day and I brought them home and placed them in my garage.

Mr. ROBINSON. What books were there?

Mr. O'HARA. Oh, I don't know, it was a package about this big [indicating]. It wasn't very big.

The CHAIRMAN. Were they books of the Trans-American News Service?

Mr. O'HARA. I presume they were. He told me they were. I never opened them. I had no occasion to open them or anything.

Mr. ROBINSON. Were they all wrapped up?

Mr. O'HARA. They were wrapped up in a piece of brown paper.

Mr. ROBINSON. Why did you presume they were?

Mr. O'HARA. He told me they were.

Mr. ROBINSON. Mr. Bernstein told you they were.

Had you made any inquiry to him at any time about the books and records?

Mr. O'HARA. No, sir.

Mr. ROBINSON. How did they get into Bernstein's possession?

Mr. O'HARA. Well, he dissolved the books, he had the dissolution of them. I mean he handled that.

Mr. ROBINSON. Did you turn the books and records over to Bernstein?

Mr. O'HARA. When we went out of business.

Mr. ROBINSON. For the purpose of consummating the dissolution of the company?

Mr. O'HARA. That is right.

Mr. ROBINSON. They were the books of the Trans-American Co., were they not?

Mr. O'HARA. Yes.

Mr. ROBINSON. You took the books from Bernstein's office?

Mr. O'HARA. Yes, sir.

Mr. ROBINSON. What did you do with the books?

Mr. O'HARA. I put them in the back of my car and took them out home. I have a very modest little home out in the country, about four rooms, and I put them in the garage where we put practically everything that we bring home out there, and thought no more of it until I was subpoenaed to bring the books in. When I went to look for them, they weren't there.

Mr. ROBINSON. Did you search your house for the books?

Mr. O'HARA. The house; I have searched all over. I know they couldn't be there because we—I remember putting them in the garage.

Mr. ROBINSON. At the time you got the subpoena, was that the first time you ever had occasion to look for the books?

Mr. O'HARA. That is right.

Mr. ROBINSON. Well, how long did you keep them around the garage?

Mr. O'HARA. I don't know whether they were stolen or what. After—just the other day I looked for—there was another suitcase missing out of my garage. I had an old large suitcase that was there, and there was a couple electric blankets in there. Since the weather turned my wife and I wanted to have the blankets, and they were gone.

Mr. ROBINSON. What kind of books did the company keep?

Mr. O'HARA. Regular books of any organization. We didn't have many. We were only in business a couple of months.

Mr. ROBINSON. Did you keep the books yourself?

Mr. O'HARA. No.

Mr. ROBINSON. Is that your responsibility?

Mr. O'HARA. No, sir. We have an auditor come in once a week. The girl in the office handled that.

Mr. ROBINSON. Who hired the auditor?

Mr. O'HARA. Gee, I don't know, to tell the truth.

Mr. ROBINSON. Did you inquire of Mr. Bernstein to get an auditor for you?

Mr. O'HARA. He might have got this Samelson, I think his name was Mort Samelson.

Mr. ROBINSON. He might have got this Samelson—who set up the books for you originally?

Mr. O'HARA. What do you mean? I don't get that.

Mr. ROBINSON. When your company first started up, who did you call in to get the books set up, the proper books?

Mr. O'HARA. Oh, there was—I can't think of the lawyer's name. I was trying to think of the lawyer's name. I think it was O'Keefe.

Mr. ROBINSON. Do you remember his first name?

Mr. O'HARA. Jimmy.

Mr. ROBINSON. Did you hire him?

Mr. O'HARA. No, sir.

Mr. ROBINSON. Who hired him?

Mr. O'HARA. I think it was Burns.

Mr. ROBINSON. What Burns?

Mr. O'HARA. Andy; Andrew Burns.

Mr. ROBINSON. What was his position in the company?

Mr. O'HARA. He was president.

Mr. ROBINSON. Was he president the full time that the company was in existence?

Mr. O'HARA. No, sir.

Mr. ROBINSON. Who preceded him as president?

Mr. O'HARA. His dad.

Mr. ROBINSON. What was his name?

Mr. O'HARA. Pat.

Mr. ROBINSON. Who were the other officers of the company?

Mr. O'HARA. There was his sister, Florence.

Mr. ROBINSON. What official position did she have?

Mr. O'HARA. Vice president.

Mr. ROBINSON. Were you also treasurer of the company as well as being secretary?

Mr. O'HARA. I answered that, didn't I? Or did I? Yes, I was.

Mr. ROBINSON. Do you have any recollection of destroying the books yourself?

Mr. O'HARA. No, sir.

Mr. ROBINSON. Do you have any explanation of how they disappeared from the garage?

Mr. O'HARA. No, sir.

Mr. ROBINSON. Who incorporated the Trans-American Publishing Co.?

Mr. O'HARA. What do you mean, who incorporated it? The lawyer?

Mr. ROBINSON. Who set it up? Were you one of the original incorporators?

Mr. O'HARA. Yes.

Mr. ROBINSON. Who discussed it with you at first before you were incorporated?

Mr. O'HARA. I refuse to answer that question on the ground that it may tend to incriminate me.

The CHAIRMAN. You are directed to answer. You refuse to follow the direction of the chairman?

Mr. O'HARA. Correct.

Mr. ROBINSON. How long have you known Patrick Burns?

Mr. O'HARA. Oh, 10 years, I imagine.

Mr. ROBINSON. Do you recall when you first met him?

Mr. O'HARA. No.

Mr. ROBINSON. The occasion of your first meeting with him?

Mr. O'HARA. No; no, sir.

Mr. ROBINSON. When was the company first set up?

Mr. O'HARA. I can't remember that. Like I say, 41 months ago, Mr. Robinson, is a long time to remember back.

Mr. HALLEY. It is only 37 months. It was knocked out in November of 1947; 37 months. You ought to remember it.

Mr. O'HARA. You mean July.

Mr. HALLEY. November. We have the record.

Mr. O'HARA. If you have the records, you know then.

Mr. ROBINSON. Do you remember the month or year you were incorporated?

Mr. O'HARA. I think it was June of 1946.

Mr. ROBINSON. June of 1946?

Mr. O'HARA. I believe so.

Mr. ROBINSON. Did you purchase stock in the corporation?

Mr. O'HARA. That I refuse to answer on the ground it may tend to incriminate me.

The CHAIRMAN. You are ordered to answer.

Mr. ROBINSON. Did Patrick Burns purchase any stock in the corporation?

Mr. O'HARA. That you will have to ask him.

Mr. ROBINSON. Do you know?

Mr. O'HARA. I don't know.

Mr. ROBINSON. You don't know?

Mr. O'HARA. Well, I don't know whether he did or not. I think I had better refuse to answer that, too.

Mr. ROBINSON. How about Andy Burns, was he a stockholder in the company?

Mr. O'HARA. I refuse to answer that also.

The CHAIRMAN. Mr. O'Hara, you are directed to answer those two questions, if you know.

If you don't know, you can simply say so. But if you do know, you are directed to answer. Do you still refuse to answer the questions?

Mr. O'HARA. Well, I am trying to figure out about the stock. I just can't remember.

Mr. ROBINSON. You know who the stockholders were, don't you?

Mr. O'HARA. One was Burns, and myself, and Burns.

Mr. ROBINSON. Andy Burns and Patrick Burns and yourself?

Mr. O'HARA. No; not Pat.

Mr. ROBINSON. Pat didn't have any stock?

Mr. O'HARA. Florence, his daughter.

Mr. ROBINSON. And Pat had no stock in the corporation?

Mr. O'HARA. No, sir.

Mr. ROBINSON. Never did?

Mr. O'HARA. Well, he might have at the beginning. There was some little trouble and I have kind of forgotten what it was.

Mr. ROBINSON. What was the nature of the business that Trans-American Publishing Co. was engaged in?

Mr. O'HARA. I refuse to answer that on the grounds it might tend to incriminate me.

The CHAIRMAN. You are ordered to answer.

Do you still refuse?

Mr. O'HARA. Yes.

Mr. ROBINSON. What were you doing prior to your job with Trans-American Co.?

Mr. O'HARA. I don't think that is pertinent to this inquiry; is it?

The CHAIRMAN. It may be, Mr. O'Hara. I think it would be. So, we will ask you to answer what you did before you went with Trans-American.

Mr. O'HARA. I just refuse to answer that.

The CHAIRMAN. Well, you are ordered to answer it.

Mr. CALLAGHAN. I want the record to show the refusal is predicated upon the ground that it not only tends to incriminate him, but also that the answer is not pertinent to the inquiry.

The CHAIRMAN. Very well, sir.

Mr. ROBINSON. Do you know Tom Mooney?

Mr. O'HARA. I did, sure.

Mr. ROBINSON. How long have you known him? How long did you know him?

Mr. O'HARA. He is deceased.

Mr. ROBINSON. How long did you know him?

Mr. O'HARA. I knew him 25 or 30 years.

Mr. ROBINSON. And you were associated in the business with him?

Mr. O'HARA. I was organizer of the Moving Picture Operators Union, and he was the business agent.

Mr. ROBINSON. Were you his assistant?

Mr. O'HARA. No, sir; I was an organizer.

Mr. ROBINSON. And he was the business agent?

Mr. O'HARA. That is right.

Mr. ROBINSON. Did he assist you in any way in getting your position with the Trans-American Co.?

Mr. O'HARA. He got assassinated in 1933.

Mr. ROBINSON. And—

Mr. O'HARA. 1934; I don't know which.

Mr. ROBINSON. What was your salary with the Trans-American Co.?

Mr. O'HARA. I think it was \$125 a week.

Mr. ROBINSON. And what were your duties?

Mr. O'HARA. I was secretary-treasurer.

Mr. ROBINSON. Well, what did you do for your pay?

Mr. O'HARA. I worked in the office.

Mr. ROBINSON. Where was the office?

Mr. O'HARA. 330 North Wells.

Mr. ROBINSON. How many people did you have employed there?

Mr. O'HARA. In the office?

Mr. ROBINSON. That is right.

Mr. O'HARA. One girl.

Mr. ROBINSON. Just one girl?

Mr. O'HARA. That is right.

Mr. ROBINSON. And what was her job?

Mr. O'HARA. She answered the telephone, took care of the books.

Mr. ROBINSON. How big a room did you have for your office?

Mr. O'HARA. Oh, a very small office. It was two offices.

Mr. ROBINSON. Just a phone?

Mr. O'HARA. I beg your pardon?

Mr. ROBINSON. Just one telephone in it?

Mr. O'HARA. We had two phones.

Mr. ROBINSON. And who else occupied the office besides this girl and yourself?

Mr. O'HARA. Burns, Andrew.

Mr. ROBINSON. Was he there most of the time?

Mr. O'HARA. Yes, sir.

Mr. ROBINSON. And where was Pat most of the time?

Mr. O'HARA. He was on the road. He was a road man.

Mr. ROBINSON. What is a road man?

Mr. O'HARA. You will have to ask him that.

Mr. ROBINSON. Well, you were secretary of the company?

Mr. O'HARA. That is right.

Mr. ROBINSON. Didn't you know what the road man did in the company?

Mr. O'HARA. Well, there are a lot of duties to perform that he had to perform.

Mr. ROBINSON. Name some of them.

Mr. O'HARA. Well, I don't know. You will have to ask him that. I couldn't answer it.

Mr. ROBINSON. You had two other people besides yourself who were officers of the company?

Mr. O'HARA. Yes, sir.

Mr. ROBINSON. And you had one girl in the office?

Mr. O'HARA. Yes, sir.

Mr. ROBINSON. Did you have any other road men?

Mr. O'HARA. Not that I can remember.

Mr. ROBINSON. How many people did you employ in the company?

Mr. O'HARA. I couldn't remember that.

Mr. ROBINSON. Was it 200?

Mr. O'HARA. No, sir.

Mr. ROBINSON. Was it five?

Mr. O'HARA. Five?

Mr. ROBINSON. Yes.

Mr. O'HARA. We had more than five, but I can't remember how many we had.

Mr. ROBINSON. Didn't you sign the pay checks?

Mr. O'HARA. Yes, sir.

Mr. ROBINSON. You don't know how many pay checks you signed every week?

Mr. O'HARA. No, sir.

Mr. ROBINSON. Well, was it 50? Was it 10? You must have some recollection of it.

Mr. O'HARA. I just can't remember. We probably had a couple of dozen employees.

Mr. ROBINSON. That is all right, a couple of dozen. That would be about 24 or 25?

Mr. O'HARA. In that neighborhood.

Mr. ROBINSON. What did they do?

Mr. O'HARA. They worked at the tracks.

Mr. ROBINSON. What did they do at the tracks?

Mr. O'HARA. I refuse to answer that on the grounds that it may incriminate me.

The CHAIRMAN. You are ordered to answer.

Mr. ROBINSON. Were they road men?

Mr. O'HARA. I still refuse to answer.

The CHAIRMAN. Mr. Counsel, may we have this understanding? If Mr. Robinson or anyone asks a question which Mr. O'Hara refuses to answer, if I think it is an improper question, I will ask that it be withdrawn, but, if otherwise, can we have an understanding that where he refuses to answer, the record will show that the chairman directed him to answer, and that he still refused?

Mr. CALLAGHAN. I think that may be a time saver.

The CHAIRMAN. To save going through the ceremony every time. Do you understand that, Mr. O'Hara?

Mr. O'HARA. Yes, sir.

The CHAIRMAN. That, if, unless the chairman asks the question be withdrawn, or tells you that you don't have to answer, you will consider that I have directed you to answer that question, and that you still refuse to answer it?

Mr. O'HARA. That is right.

Mr. CALLAGHAN. So that I may not be repeatedly interjecting, may it be understood to every question he is asked he refuses to answer on two grounds: on the ground that the answer might tend to incriminate him and on the ground that the answer is not pertinent to the inquiry?

The CHAIRMAN. Well, we will have that understanding.

Mr. ROBINSON. You stated Pat Burns was a road man. Just what did a road man do?

Mr. O'HARA. I refuse to answer that question.

Mr. ROBINSON. What was Pat Burns' salary?

Mr. O'HARA. That I don't remember.

Mr. ROBINSON. Was it \$500 a week?

Mr. O'HARA. I said that I didn't remember.

Mr. ROBINSON. Well——

Mr. CALLAGHAN. I submit that is an answer.

Mr. O'HARA. That is an answer, and I told you I don't remember.

Mr. ROBINSON. What was Florence Burns' salary.

Mr. O'HARA. I don't remember her salary either.

Mr. ROBINSON. And you don't remember Andy Burns' salary?

Mr. O'HARA. That is right.

Mr. ROBINSON. Do you remember the salaries of any of the employees?

Mr. O'HARA. No; I do not. That is a long while ago, as I stated before.

Mr. ROBINSON. And you don't know what a road man did?

Mr. O'HARA. No, sir.

The CHAIRMAN. I suppose a road man called on your customers. Is that what he went out on the road to do?

Mr. O'HARA. I don't know.

Mr. ROBINSON. Did you have any customers?

Mr. O'HARA. I refuse to answer that.

Mr. CALLAGHAN. Mr. Chairman, may I make my position clear so far as the objection that the questions are not pertinent to the inquiry? As I understand this resolution, the committee was created and functions to ascertain the extent to which the facilities of interstate commerce are being used by organized crime. I understand that deals with the present. And, it deals, too, with the hope of enacting some legislation, if that condition is found to exist.

Now, this corporation has been defunct since 1947 and therefore questions that deal with its existence, and its operation, I believe, are not pertinent to this inquiry.

Mr. HALLEY. May I be heard on that, Mr. Chairman?

The CHAIRMAN. Go ahead.

Mr. HALLEY. In the first place, the operation of the Trans-American Corp. in 1947 is not ancient history and it has a direct bearing on such testimony as the evidence that was placed before this committee

just a few minutes ago about the participation of Accardo and Guzik in the S. & G. Service, of the S. & G. Syndicate of Miami, which was effected, according to this committee's proof, as a result of a muscling job of other wire services in Miami.

In the second place, as to whether or not this man's activity at that time, or at the present, are criminal, his own statement in his answer that it would tend to incriminate him certainly is some evidence persuasive to me that the committee is on the right track.

I think he has no right to refuse to answer these questions, because criminally or not as his activities may be, there is no Federal immunity to this witness before a Senate committee that will help him refuse to answer, or privilege him to refuse to answer a question on which the only possible incrimination may be under the State law.

I would like to say, Mr. Chairman, that we have the amazing situation here of Continental Press and its representatives in here today, and before this committee for some time, trying to persuade this committee that its operations are legal, legitimate, and proper, and putting up a beautiful facade of legality and propriety, and representatives of Trans-American Press coming in here at the same time and saying that they engaged in the same business and may not answer questions because any answer would tend to incriminate them.

Mr. CALLAGHAN. Mr. Chairman, I did not come here to make a speech. I only came here to make an objection.

The CHAIRMAN. Yes, I know. Your objection is understood, and is noted, but, manifestly, in order to get the picture of the way crime or organized crime might use the facilities of interstate commerce, this inquiry is quite pertinent, and has a direct bearing on what we are trying to find out. So your objection is noted and we will continue with the examination.

Mr. ROBINSON. While you were secretary of the company were any loans made by the company?

Mr. O'HARA. I refuse to answer that question.

Mr. CALLAGHAN. May it be understood, Mr. Chairman, without repeating it, the answer, "I refuse to answer," may include both of the things I have heretofore announced?

The CHAIRMAN. That is right, and also that I have now directed him to answer and he refused to follow my direction.

Mr. CALLAGHAN. Yes, sir.

Mr. ROBINSON. Did Trans-American, while you were secretary, furnish what is commonly referred to as wire service to a company by the name of the R. & H. Publishing Co.?

Mr. O'HARA. I refuse to answer that.

Mr. ROBINSON. Have you ever heard of the R. & H. Publishing Co.?

Mr. O'HARA. I refuse to answer that question.

Mr. ROBINSON. How many customers did the Trans-American Co. have?

Mr. O'HARA. I answered that before. I refuse to answer.

Mr. ROBINSON. Do you know Hymie Levin?

Mr. O'HARA. I refuse to answer that question.

Mr. ROBINSON. Do you know Phil Katz?

Mr. O'HARA. I refuse to answer that question also.

Mr. ROBINSON. Do you know Ray Jones?

Mr. O'HARA. I repeat the same answer.

Mr. ROBINSON. Have you ever been associated in business with any of the three or either one of the three?

Mr. O'HARA. I refuse to answer that question.

Mr. ROBINSON. Do you know Tony Accardo?

Mr. O'HARA. I refuse to answer that question.

Mr. ROBINSON. Do you know Jack Guzik?

Mr. O'HARA. I repeat the answer, the same.

Mr. ROBINSON. Did you ever borrow money from Jack Guzik to help finance the Trans-American Co.?

Mr. O'HARA. I repeat the same answer.

Mr. ROBINSON. Did you ever——

The CHAIRMAN. In other words, you refuse to answer, is that correct, Mr. O'Hara?

Mr. O'HARA. That is right.

The CHAIRMAN. You understand you are directed to answer these questions?

Mr. O'HARA. Yes.

Mr. ROBINSON. As secretary of the company did you ever borrow for the company money from any of the customers of the company?

Mr. O'HARA. I refuse to answer that question.

Mr. ROBINSON. Did you ever receive advances for service, for any service sold by Trans-American from your customers?

Mr. O'HARA. I refuse to answer that question.

Mr. ROBINSON. I don't know whether I asked you this or not, Mr. O'Hara, but who first got you interested in the Trans-American Co.?

Mr. O'HARA. Burns.

Mr. ROBINSON. Patrick Burns?

What discussion did you have with him at the time?

Mr. O'HARA. Oh, I can't remember that.

Mr. ROBINSON. Do you remember where the discussion took place?

Mr. O'HARA. No, sir.

Mr. ROBINSON. Did you have a customer by the name of Harmony?

Mr. O'HARA. I refuse to answer that.

Mr. ROBINSON. Do you know Buster Wortman?

Mr. O'HARA. I refuse to answer that question.

Mr. ROBINSON. Do you know Harry Russell?

Mr. O'HARA. I refuse to answer that question.

Mr. ROBINSON. Did Trans-American have any financial difficulties while it was operating?

Mr. O'HARA. I refuse to answer that question.

Mr. ROBINSON. Did you resign from Trans-American?

Mr. O'HARA. We went out of business.

Mr. ROBINSON. You did not resign before the company was dissolved?

Mr. O'HARA. No, sir.

Mr. ROBINSON. Where did you go to work after that?

Mr. O'HARA. I refuse to answer that.

Mr. ROBINSON. Do you know Bugsy Siegel?

Mr. O'HARA. I refuse to answer that question.

Mr. ROBINSON. Do you know John Scanlan?

Mr. O'HARA. I refuse to answer that.

Mr. ROBINSON. Have you ever been associated in business with John Scanlan?

Mr. O'HARA. I refuse to answer that.

Mr. ROBINSON. Do you know Dan Serritella?

Mr. O'HARA. I refuse to answer that question.

Mr. ROBINSON. Do you know James Ragen?

Mr. O'HARA. I refuse to answer that.

Mr. HALLEY. Have you been threatened with violence?

Mr. O'HARA. That is absurd.

Mr. HALLEY. Has anybody tried to intimidate you in reference to your testimony before this committee?

Mr. O'HARA. Absolutely no.

Mr. HALLEY. Are you just trying to help these crooks?

Mr. O'HARA. I don't know how——

Mr. CALLAGHAN. If the chairman please, I object to the witness receiving a scolding. If we are going to ask questions, I submit that questions should be asked.

Mr. HALLEY. Are you trying to protect somebody?

Mr. O'HARA. No.

Mr. HALLEY. Why don't you tell this committee who loaned money to Trans-American?

Mr. CALLAGHAN. I submit the witness doesn't have to answer that question as to why. He has answered that question.

Mr. HALLEY. The committee is entitled to know his mental process.

Mr. O'HARA. I answered it.

Mr. HALLEY. I didn't hear your answer. Would you mind repeating it?

Mr. O'HARA. That I refused to testify.

Mr. HALLEY. I say why are you not willing to tell this committee who loaned money to Trans-American.

Mr. CALLAGHAN. The witness, if the chairman please——

The CHAIRMAN. Let him make an objection.

Mr. CALLAGHAN. The witness has said he refused to answer on the ground it might tend to incriminate him, and that it is not pertinent to this inquiry, and that is his answer to the question, Mr. Halley.

The CHAIRMAN. The question now is "Why?"

Mr. CALLAGHAN. Why? That he refused to answer, that is his reason.

The CHAIRMAN. Why does he not want to tell us who loaned money to Trans-American?

Mr. CALLAGHAN. The answer to the question is that it might tend to incriminate him.

The CHAIRMAN. All right, you have made your objection. Now, let's ask the witness. Will you answer the question as to why you don't want to tell the committee who loaned money to Trans-American? If you will say, tell us; if you refuse to answer, just tell us you refuse to answer.

Mr. O'HARA. I refuse to answer.

Mr. HALLEY. Were you ever arrested?

Mr. O'HARA. Beg pardon?

Mr. HALLEY. Were you ever arrested?

Mr. CALLAGHAN. I object.

Mr. O'HARA. Why bring up——

Mr. CALLAGHAN. I object.

Mr. O'HARA. What has that got to do with this inquiry?

The CHAIRMAN. All right. You haven't cooperated with the committee, Mr. O'Hara, you haven't given us obvious information, even about who you know, and so we want to try to find out what kind of man you are. It is a very pertinent inquiry, so the objection will be overruled.

The question is, have you ever been arrested?

Mr. O'HARA. Well, I imagine you people know all these questions you ask me, the answers to them.

The CHAIRMAN. Anyway, we are asking you, have you ever been arrested?

Mr. O'HARA. Yes.

Mr. HALLEY. Have you ever been convicted of a crime?

Mr. O'HARA. No, sir.

Mr. HALLEY. For what were you arrested?

Mr. O'HARA. I was arrested for—I refuse to answer that question.

Mr. CALLAGHAN. If the chairman please, I submit that that is simply an improper question. This witness has said he has never been convicted of a crime, and that is all of the questions he is permitted.

The CHAIRMAN. Counsel, we have the question of what he has been arrested for, and we will go into the details.

Mr. CALLAGHAN. If this were a court the objection would be sustained to this question.

The CHAIRMAN. I doubt if that is true, but this isn't a court and your witness hasn't, with all due regard, shown very much of a spirit of cooperation, so we will go into any of these matters that we think are relevant.

The question is, what were you arrested for?

Mr. O'HARA. I refuse to answer that.

Mr. HALLEY. Have you ever had a legitimate business?

Mr. O'HARA. Lots of them.

Mr. HALLEY. What was the last?

Mr. O'HARA. What do you mean, in business for myself, or what?

Mr. HALLEY. Oh, a job. I will make the question, have you ever had a legitimate occupation?

Mr. O'HARA. Yes, with labor organizations, a good number of years.

Mr. HALLEY. What organization and during what years?

Mr. O'HARA. The musicians' union and the moving picture operators' union. I don't remember what years.

The CHAIRMAN. Has it been 10 years ago, 15 years ago? How long is it?

Mr. O'HARA. Oh, 10 years back, I believe.

The CHAIRMAN. Have you had any in the last 10 years with any labor organizations?

Mr. O'HARA. No, sir; no connection.

The CHAIRMAN. What were the names of the unions that you worked with?

Mr. O'HARA. Musicians' union and the moving picture operators' union.

Mr. HALLEY. Have you had any legitimate occupation within the last 10 years?

Mr. O'HARA. Oh, yes.

Mr. HALLEY. What were they?

Mr. O'HARA. Oh, I worked for Mr. Bidwell.

Mr. HALLEY. What business was that?

Mr. O'HARA. Bentley-Murray Printing Co.

Mr. HALLEY. What did the company print, what type of material?

Mr. O'HARA. Printing all sorts of print.

Mr. HALLEY. Did they print any scratch sheets?

Mr. O'HARA. I don't know.

Mr. HALLEY. You don't know?

Mr. O'HARA. Not Bentley-Murray.

Mr. HALLEY. Did they have an affiliate or subsidiaries that printed scratch sheets?

Mr. O'HARA. That I refuse to answer.

Mr. HALLEY. What other legitimate occupations have you had in the last 10 years?

Mr. O'HARA. I refuse to answer that.

Mr. HALLEY. On what grounds, sir? I am asking you about your legitimate occupations.

Mr. O'HARA. Well, it may tend to incriminate me.

Mr. CALLAGHAN. The chairman asked that we have an understanding that when there is an objection like the witness made, the objection would be truthful. First, that it might tend to incriminate—

The CHAIRMAN. We understand.

Mr. CALLAGHAN. I am simply advising Mr. Halley.

Mr. HALLEY. It is obviously not pertinent when I am asking about a legitimate occupation. It is certainly not pertinent to say that it would tend to incriminate him to admit he had a legitimate occupation.

Mr. CALLAGHAN. Nor is it pertinent to the inquiry or the resolution creating this committee.

Mr. HALLEY. That can't be told until we get the answer. Certainly legitimate occupations are relevant to the inquiry, and you well know it.

Mr. HALLEY. Now, what legitimate occupations have you had in the last 10 years in addition to working for Bidwell?

Mr. O'HARA. I refuse to answer.

Mr. HALLEY. You understand the chairman directs you to answer? That is our understanding.

Mr. O'HARA. Yes.

Mr. HALLEY. When were you born?

Mr. O'HARA. 1895.

Mr. HALLEY. In Illinois?

Mr. O'HARA. Yes.

Mr. HALLEY. Chicago?

Mr. O'HARA. Yes.

Mr. HALLEY. You have lived there ever since?

Mr. O'HARA. That is right.

Mr. HALLEY. You have a family?

Mr. O'HARA. Wife.

Mr. HALLEY. Children?

Mr. O'HARA. No; two Great Dane dogs.

Mr. HALLEY. And you have a house out in the country?

Mr. O'HARA. I have a little four-room house; yes.

Mr. HALLEY. How long have you had it?

Mr. O'HARA. About 9 years.

Mr. HALLEY. You own it?

Mr. O'HARA. Yes, sir, my wife—it is in my wife's name.

Mr. HALLEY. That is your home?

Mr. O'HARA. Yes.

Mr. HALLEY. A four-room house?

Mr. O'HARA. Yes.

Mr. HALLEY. A modest house?

Mr. O'HARA. Very modest, that is right.

Mr. HALLEY. Do you have any other homes?

Mr. O'HARA. No, sir.

Mr. HALLEY. You have worked for a living all your life, have you not?

Mr. O'HARA. That is right.

Mr. HALLEY. Do you have any automobile?

Mr. O'HARA. I don't own none. My wife has.

Mr. HALLEY. What kind?

Mr. O'HARA. A 1949 Cadillac.

Mr. HALLEY. Do you have a bank account?

Mr. O'HARA. No, sir.

Mr. HALLEY. Does you wife?

Mr. O'HARA. No.

Mr. HALLEY. Do you keep your cash at home?

Mr. O'HARA. We don't have much cash.

Mr. HALLEY. You don't have have much cash?

Mr. O'HARA. No.

Mr. HALLEY. What is your net worth? What would you say your assets are? I am just trying to find out, are you a man of any substantial wealth?

Mr. O'HARA. No, I am not, I will tell you that. You people have got a wrong impression of me, that I am a very wealthy man. I am just a little, small duck.

Mr. HALLEY. Have you always been a little, small duck?

Mr. O'HARA. That is right.

Mr. HALLEY. That is just what we thought you would say.

Mr. O'HARA. I am living very modestly and I asked Mr. Robinson to send one of his men out to my place to show him what I have got.

Mr. HALLEY. I have no doubt you are living modestly. I am just trying to find out now who set you up in this Trans-American Corp. to be the front man?

Mr. O'HARA. Front man?

Mr. HALLEY. That is what you were, isn't it?

Mr. O'HARA. If that is what you call secretary and treasurer.

Mr. HALLEY. When did you get the idea of going into the Trans-American business?

Mr. O'HARA. I refuse to answer that.

Mr. HALLEY. You won't want to talk about Trans-American at all?

Mr. O'HARA. No.

Mr. HALLEY. No further questions.

The CHAIRMAN. Did you buy some stock in Trans-American Mr. O'Hara? Did you own any stock in it?

Mr. O'HARA. I refuse to answer that.

The CHAIRMAN. Well, did you put up any money for your interest?

Mr. O'HARA. I refuse to answer.

The CHAIRMAN. Well, did anybody put up any money for you?

Mr. O'HARA. I refuse to answer that.

The CHAIRMAN. Well, I don't think we are getting anywhere. All right, Mr. Robinson.

Mr. ROBINSON. Have you ever had any business with the White Way Sign Co.?

Mr. O'HARA. No, sir.

Mr. ROBINSON. Do you know who owns the company?

Mr. O'HARA. Yes.

Mr. ROBINSON. Who?

Mr. O'HARA. Mr. Flannery.

Mr. ROBINSON. Mr. who?

Mr. O'HARA. Tom Flannery.

Mr. ROBINSON. What is that business?

Mr. O'HARA. Well, they maintain signs, and manufacture them.

Mr. ROBINSON. Did you have any dealings with them as a union representative?

Mr. O'HARA. As a union representative?

Mr. ROBINSON. Yes.

Mr. O'HARA. No, sir.

Mr. ROBINSON. Never at any time?

Mr. O'HARA. No. I was and still am very friendly with Mr. Flannery. When he first started out I helped him get some work through my association with the union, and he was dealing mostly in theater sign work, and I helped him get some work. That is all.

Mr. ROBINSON. How did you help him get the work?

Mr. O'HARA. It was on a competitive basis, and when he was dealing with other firms for their contracts, and if it was pretty close, why, through our association he would be favored sometimes with work.

Mr. ROBINSON. You were representing the union at the time?

Mr. O'HARA. That is right.

Mr. ROBINSON. And are there any competitors of the White Way Sign Co. at the present time doing business here?

Mr. O'HARA. That I wouldn't know.

Mr. ROBINSON. You don't know anything about that?

Mr. O'HARA. No, I haven't seen Mr. Flannery in, oh, a year.

Mr. ROBINSON. How many years?

Mr. O'HARA. A year.

Mr. ROBINSON. A year?

Mr. O'HARA. Yes—yes, I did, I seen him at his son's wedding this summer sometime.

Mr. ROBINSON. At the time you were helping him there was a considerable amount of competition in the business, then?

Mr. O'HARA. No.

Mr. ROBINSON. Wasn't there?

Mr. O'HARA. No; not too much.

Mr. ROBINSON. Well, who were his competitors?

Mr. O'HARA. I can't remember the names.

Mr. ROBINSON. Mr. Wagner?

Mr. O'HARA. That could be one.

Mr. ROBINSON. He was one?

Mr. O'HARA. Yes.

Mr. ROBINSON. Is he any longer in business?

Mr. O'HARA. That I wouldn't know.

Mr. ROBINSON. And how would you help him in his competition with these other people doing the same business?

Mr. O'HARA. Well, I can't remember that.

Mr. ROBINSON. But the help you did give to him was because of your connections?

Mr. O'HARA. No, just friendship, one hand washes the other, or in those days it did. I don't know.

Mr. ROBINSON. Do you know Paul DeLucia?

Mr. O'HARA. Who?

Mr. ROBINSON. Do you know Paul DeLucia?

Mr. O'HARA. Paul DeLucia?

Mr. ROBINSON. Or Paul Ricca?

Mr. O'HARA. I refuse to answer that.

Mr. ROBINSON. Do you know Louis Campagna?

Mr. O'HARA. The same answer.

Mr. ROBINSON. Charles Gioe?

Mr. O'HARA. Gioe?

Mr. ROBINSON. Yes.

Mr. O'HARA. I refuse to answer that. I don't—

The CHAIRMAN. All right. I don't think we will get any place here.

Mr. O'HARA, you will remain under subpena, subject to further call by the committee. We feel we can notify you, Mr. Callaghan, when we want him back?

Mr. CALLAGHAN. Yes, sir; but this man lives in a very difficult place to get communication to. I would like to have at least 24 hours' notice.

Mr. O'HARA. I don't even have a phone out there.

Mr. CALLAGHAN. He is way out in the country.

The CHAIRMAN. We won't want you again in this hearing, unless something else develops.

Mr. ROBINSON. You don't have a phone?

Mr. O'HARA. No, sir.

Mr. ROBINSON. No phone at all?

Mr. O'HARA. No.

The CHAIRMAN. I think we will have to advise you that the subcommittee will recommend to the whole committee that we have no alternative other than to ask that contempt citations may be made against you.

I am sorry that is true, but that is the situation. Thank you, sir.
(Witness excused.)

Mr. O'HARA. Thank you, gentlemen. I wish you all a very Merry Christmas and a Happy New Year.

The CHAIRMAN. Mr. Serritella. Where is Mr. Serritella?

Mr. KILEY. He is on the telephone. He will be right in.

The CHAIRMAN. Come down here, Senator.

Mr. SERRITELLA. Howdy.

The CHAIRMAN. Have a seat. Glad to see you.

Mr. SERRITELLA. Yes, sir. You want me to sit right here?

The CHAIRMAN. Yes.

Mr. SERRITELLA. I have got no lawyer. I can't afford it. I am broke.

The CHAIRMAN. Stand up. You will be sworn. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SERRITELLA. I do.

FURTHER TESTIMONY OF DANIEL A. SERRITELLA, CHICAGO, ILL.

The CHAIRMAN. Now we have had Senator Serritella before us in the executive session, so let's get the hot points.

Mr. HALLEY. All right.

Mr. SERRITELLA. Say, before you start I asked for my testimony of last time and I got a letter. I wrote to the committee and never got it.

The CHAIRMAN. Well, Mr. Serritella, you should have written the committee. You wrote the court reporter.

Mr. SERRITELLA. I wrote the committee. I did exactly what Mr. Robinson told me to do, Mr. Kiley, and I talked to the girl. That don't make any difference. I just want you to know.

Mr. HALLEY. You are entitled to it, Mr. Serritella.

Mr. SERRITELLA. That is right.

The CHAIRMAN. Well, I am sorry, this letter is addressed to Combs & Alderson.

Mr. SERRITELLA. Yes. I got the correction where to write it, and I wrote to the committee, and I haven't had no reply.

The CHAIRMAN. Well, it didn't come to my attention, but you will get it.

Mr. SERRITELLA. That is all right, I am not worried about it.

The CHAIRMAN. All right.

Mr. HALLEY. Senator, what is your business today?

Mr. SERRITELLA. I work for the Illinois—what do you call that, now? There are so many companies—

Mr. HALLEY. Sport News?

Mr. SERRITELLA. Sport News, that is right.

Mr. HALLEY. And they publish the Blue Scratch Sheet?

Mr. SERRITELLA. The Blue and the Green. The Green Scratch Sheet and the Blue.

Mr. HALLEY. And what is your job for them?

Mr. SERRITELLA. Circulation.

Mr. HALLEY. You have been in that business for a long time?

Mr. SERRITELLA. All my life.

Mr. HALLEY. Senator, back in 1927 you were the city sealer under Mayor Thompson, were you?

Mr. SERRITELLA. Under Bill Thompson, that's right. I was a good Republican. I am still a Republican.

Mr. HALLEY. And as such you served for 3 years and then you were elected senator?

Mr. SERRITELLA. No; I served the whole 4 years with Thompson.

Mr. HALLEY. That is right, the last—

Mr. SERRITELLA. Cermak tried to get me to go along with him and I said to him, "I owe Thompson an obligation the same as I owe my room rent to my landlord." I told him Cermak I can't be with him.

Mr. HALLEY. But now—

Mr. SERRITELLA. I stuck with Thompson.

Mr. HALLEY. In 1930 you went into the senate; is that right?

Mr. SERRITELLA. That is right. I beat Adolph Marks in 1930.

Mr. HALLEY. And then you served out your term as city sealer the same time?

Mr. SERRITELLA. No; you got that wrong. I was first elected committeeman, I think, in '27 or '28 because the act—they extended it for 2 years. I beat Marks for committeeman first, and then I beat him for senator in 1930, and while I was city sealer and was in the State senate I had the opinion of the corporation counsel, Sam Ettelson, and he said to me to dock myself off the city payroll.

Mr. HALLEY. When you served in the legislature you docked yourself—

Mr. SERRITELLA. I didn't get paid.

Mr. HALLEY. That is right.

Mr. SERRITELLA. I never—I didn't get the money from the city.

Mr. HALLEY. And you were in the senate for 12 years?

Mr. SERRITELLA. For 12 years, three terms.

Mr. HALLEY. Now, during this period you also were committeeman in the first district; is that right?

Mr. SERRITELLA. That is right. That's right. I was a delegate in 1936, when Landon and Knox were nominated.

Mr. HALLEY. Are you still active politically?

Mr. SERRITELLA. Yes. I am a candidate for alderman of the first ward. I hope you people publish that. Nonpartisan. [Laughter.] Listen, the last time they said that somebody didn't want me to run for office. I want to be a candidate. I am going to see who is going to stop me. I am a citizen.

Mr. HALLEY. You have been in politics all your life?

Mr. SERRITELLA. All my life. It is in my blood.

Mr. HALLEY. Now, at the same time, you also were in the news-distribution business, weren't you?

Mr. SERRITELLA. That is right. I was a newsboy before I was city sealer. I was a newsboy when I was 7 years old.

Mr. HALLEY. You started out and worked your way up in the news-boy business?

Mr. SERRITELLA. That is right. I was president of the newsboys, and drivers.

Mr. HALLEY. And then you got into this business of circulating scratch sheets; is that right?

Mr. SERRITELLA. I got in the scratch sheet thing—I told you the last time—with the Flannagans.

Mr. HALLEY. First with the Flannagans and then in '27—

Mr. SERRITELLA. No; wait a minute. Let's get this right.

Mr. HALLEY. The Edelman boys?

Mr. SERRITELLA. The Edelman boys came to Chicago and the Flannagan boys chased them out, broke their heads and sent them back to New York.

Mr. HALLEY. They muscled in on them?

Mr. SERRITELLA. They muscled in on them; yes.

Mr. HALLEY. On the very first scratch sheet?

Mr. SERRITELLA. They took it away from the Edelmanns.

Mr. HALLEY. You were in for a while?

Mr. SERRITELLA. The Edelmanns came to me and they said to me, "We want you to handle your circulation of it." I said, "No." I think

Davey Miller sent them over to me. I said to them, "I will recommend a fellow," so I recommended a fellow that worked with the Chicago Journal by the name of Bob Holbrook, and Bob Holbrook handled it, see, so Holbrook went in there and showed the Edelmanns, so the Flannagans started muscling around with Holbrook, and Holbrook said to me, "What do you want me to do?" I said, "It is up to you." So he quit. So the Flannagans came to me and they started a lot of that stuff there, so I said, "Listen," I said "I am not going to mix up with you," and Annenberg at that time——

Mr. HALLEY. You got some good advice from M. L. Annenberg?

Mr. SERRITELLA. I got some good advice from M. L. Annenberg and Max Annenberg of the Tribune. Max said to me, "Step away from it."

Mr. HALLEY. And you got out?

Mr. SERRITELLA. I got out of there.

Mr. HALLEY. Well, the Flannagans have been publishing that Red Scratch Sheet for many years.

Mr. SERRITELLA. Yes; they stole the Red Scratch Sheet away from the Edelmanns and I had a case with them before Phil Sullivan and was referred to Judge MacDonald, Charles F. MacDonald. It is a matter of record.

Mr. HALLEY. Now, then, after you were elected Senator, you went into the insurance business; is that right?

Mr. SERRITELLA. That is right. I went in the insurance business with Sammy Balis and the late Alderman William V. Pucelli, my first cousin.

Mr. HALLEY. And I think you said you also went into the slot-machine business, but it didn't pay very well; is that right?

Mr. SERRITELLA. In what?

Mr. HALLEY. Slot machine.

Mr. SERRITELLA. I never was in the slot machine—I was in no rackets. The only thing I had was the Green Scratch Sheet in '34 or '35. The first Green Scratch Sheet that hit Chicago.

Mr. HALLEY. And——

Mr. SERRITELLA. And the Flannagans sued me for infringement. They said that they had a copyright on scratch sheets, and I proved that they did not have any copyright on scratch sheets.

Mr. HALLEY. And you got that Green Scratch Sheet out? For the National Daily Sports News?

Mr. SERRITELLA. That is right; and then I sold it.

Mr. HALLEY. In 1934?

Mr. SERRITELLA. I think it was—I am not sure, Mr. Halley.

Mr. HALLEY. 1934 or 1935.

Mr. SERRITELLA. Something like that. I am not sure on the year.

Mr. HALLEY. You had some problems with the Flannagans; is that right?

Mr. SERRITELLA. The Flannagans—they turned—they went over and said that the name "Scratch Sheet"—that they had a copyright on them, and Joe Savage was their lawyer, and Joe Rosenberg was my lawyer, Rosenberg and Stein, and he said that I was infringing, I was infringing his—that they had a copyright. A copyright on color. They said they had a copyright on scratch sheets, and we proved to them that they did not have copyright on scratch sheets, and I won the case. It is a matter of record.

Mr. HALLEY. For other reasons you went out of business again?

Mr. SERRITELLA. The reason was this. I believe the war came on at that time, and they took away the telephones, and I think Byrnes I think he was appointed by the late President Roosevelt—

Mr. HALLEY. You are back on the Green Scratch Sheet.

Mr. SERRITELLA. That is the Green Scratch Sheet. That is what I am talking about.

Mr. HALLEY. I am talking about the Blue Scratch Sheet.

Mr. SERRITELLA. No; you are mixed up.

Mr. HALLEY. The Blue Scratch Sheet was from 1943 to 1946, and—

Mr. SERRITELLA. That is later; that comes later.

Mr. HALLEY. That is when the shut-off of news by Byrnes came in 1945?

Mr. SERRITELLA. No; I think we—I may be wrong. You may be wrong. We will check the dates.

Mr. HALLEY. In any event, you did get out of the Green Scratch Sheet business?

Mr. SERRITELLA. I sold it out. I sold it to—I sold it and went back in business with Circella. I think that was '42 or '43. You are right on that. Sylvester Farrell was my partner.

Mr. HALLEY. Sylvester Farrell?

Mr. SERRITELLA. He bought out Circella.

Mr. HALLEY. And at that time you testified you borrowed some money to go into the business?

Mr. SERRITELLA. Certainly I did.

Mr. HALLEY. And you borrowed it from Jack Guzik; is that right?

Mr. SERRITELLA. Certainly. It is a matter of record. The courts have it, the Federal court has it, and I paid a tax on it.

Mr. HALLEY. You paid a tax?

Mr. SERRITELLA. Absolutely.

Mr. HALLEY. It wasn't a stated loan because you were to share your profits with him 50-50?

Mr. SERRITELLA. No.

Mr. HALLEY. I think you so testified. I am sorry that you didn't get a chance to study your record.

Mr. SERRITELLA. Jack Guzik has been in the first ward. He is the fellow that helped me politically. I have known Jack Guzik all of my life. I think he is a wonderful fellow so far as I know.

Mr. HALLEY. You agreed to split the profit from the Green Sheet with him?

Mr. SERRITELLA. Whatever it is; the attorneys have the papers, and I filed it.

Mr. HALLEY. Well, what is the fact?

Mr. SERRITELLA. I think the facts, the papers with the Internal Revenue will show that, will show the facts.

Mr. HALLEY. You had a partnership, Serritella and Guzik?

Mr. SERRITELLA. I had an agreement. I am not a lawyer. I have no lawyer. I am the only fellow that came in here without a lawyer.

Mr. HALLEY. We are not having any dispute that I know of. This is all testimony that you have given for the most part.

Mr. SERRITELLA. I am not a lawyer.

The CHAIRMAN. You don't need one; you are doing all right.

Mr. SERRITELLA. Huh? I am doing all right? I thought that I needed a lawyer.

Mr. HALLEY. You are doing fine. In any event——

The CHAIRMAN. We have a lot of lawyers here. If you need one, we will send one over.

Mr. SERRITELLA. Kiley is a good lawyer; Robinson is a good lawyer, too. He is a square fellow, and so is Mr. Halley.

Mr. HALLEY. Thanks. Let's try to get this done. It is getting late. In any event, you borrowed money from Guzik, \$15,000?

Mr. SERRITELLA. Whatever it is. I can't remember everything.

The CHAIRMAN. Listen.

Mr. SERRITELLA. Is it all right for me to keep my feet on the chair. I am afraid that I will get a heart attack.

The CHAIRMAN. Let's get the questions and answers.

Mr. SERRITELLA. Maybe I am going too fast. Do you want me to slow down?

Mr. HALLEY. You wait until I finish the question and I will wait until you finish the answer.

In 1945, you *did* file a return for Serritella and Guzik?

Mr. SERRITELLA. I think so. I got some money back. My lawyer has the record.

Mr. HALLEY. And you showed your share of the profit?

Mr. SERRITELLA. I think I have something in my pocket here.

Mr. HALLEY. Let's have it.

Mr. SERRITELLA. I think I have. If I have got it, you can have it.

Mr. HALLEY. Thank you.

You showed, I think, \$8,700 that you——

Mr. SERRITELLA. The only thing I have is the receipt I paid; Amalgamated Bank.

Mr. HALLEY. Amalgamated Bank, \$9,000.

Mr. SERRITELLA. Do you want that?

Mr. HALLEY. That is the tax that you paid?

Mr. SERRITELLA. You can keep it.

Mr. HALLEY. Thank you.

The CHAIRMAN. We don't want this.

Mr. SERRITELLA. You can have it.

The CHAIRMAN. You keep it.

Mr. HALLEY. Isn't it a fact that in return for your getting that loan from Guzik you were to share the profits? That is the question.

Mr. SERRITELLA. I don't know what the agreement was. I guarantee—listen—if I can borrow money from him, he is a pretty good man. I don't need a note. He was a friend of mine for many years, and he gave me money without no note, without anything.

Mr. HALLEY. Let me read you what you said last time.

Mr. SERRITELLA. If I am broke now, I can get money from him.

Mr. HALLEY. Let's read what you said last time.

He borrowed me the money, and I said that he, that I would be glad to pay him some interest. He said no. I said, "All right, whatever we make, we will make some money together."

Mr. SERRITELLA. That is right, if it is there; it is there.

Mr. HALLEY. All right. Growing out of that business that you were in, Sylvester Farrell—the Blue Scratch Sheet——

Mr. SERRITELLA. That is right.

Mr. HALLEY. There was a lawsuit; is that right?

Mr. SERRITELLA. Before Judge Lupe; that is right.

Mr. HALLEY. Farrell sued you?

Mr. SERRITELLA. That is right.

Mr. HALLEY. He claimed you had a private agreement with Guzik; isn't that right?

Mr. SERRITELLA. He was a dummy for Ragen. Whatever Ragen told him to do, he done.

Mr. HALLEY. And he claimed you were a dummy for Guzik?

Mr. SERRITELLA. I was no dummy; he was the dummy.

Mr. HALLEY. That is what he claims.

Mr. SERRITELLA. Where is he at now? He was Ragen's dummy—not me. Ragen tried to use me for a dummy, and couldn't do it.

Mr. HALLEY. You were sort of in the middle between Ragen and Guzik; they were both your friends?

Mr. SERRITELLA. Ragen was godfather for my boy. I don't want to talk about a good man. He is dead, may the Lord have mercy on his soul. I am still friendly with his family, and I think he was a wonderful man.

Mr. HALLEY. And you were in the middle between those two fellows when they got into a dispute; isn't that about right?

Mr. SERRITELLA. Well, I was the goat.

Mr. HALLEY. You were the goat?

Mr. SERRITELLA. Absolutely; I was the loser.

Mr. HALLEY. And growing out of a fight between Ragen on the one side and Guzik and Hymie Levin on the other——

Mr. SERRITELLA. Hymie? I never had nothing to do with Hymie.

Mr. HALLEY. He was with R. & H. Publishing Co.

Mr. SERRITELLA. I had nothing to do with the R. & H. I was always in the scratch-sheet business. I was never in any service; never had nothing to do with the service.

Mr. HALLEY. Let's take it one at a time.

Mr. SERRITELLA. That is right; pardon me.

Mr. HALLEY. As I recall it, we agreed last time that the Blue Scratch Sheet got its service from R. & H.?

Mr. SERRITELLA. No; the Blue Scratch Sheet that I had, I got my service from Ragen. I paid it; I got canceled checks to show it.

Mr. HALLEY. Wire service?

Mr. SERRITELLA. Yes; I never got no service from R. & H.

Mr. HALLEY. Did R. & H. get it from you.

Mr. SERRITELLA. No; I never sold no news.

Mr. HALLEY. What was your relationship with R. & H.?

Mr. SERRITELLA. I had no relationship.

Mr. HALLEY. None whatsoever?

Mr. SERRITELLA. None whatsoever.

Mr. HALLEY. At the time it was Ragen's position that when he had to cut off R. & H. he had to cut off the Blue Scratch Sheet too?

Mr. SERRITELLA. I was in partnership with Farrell then, so he said—you know, Farrell is me——

Mr. HALLEY. That is right.

Mr. SERRITELLA. He said Farrell is me, so he said, "Now you got to straighten this thing out."

I said, "What am I? Houdini? I got to straighten this out? You straighten it out. Why pick on the scratch sheet. If you have a private fight with anybody else, what is that my business?"

Mr. HALLEY. What is the thing that had to be straightened out?

Mr. SERRITELLA. I don't know.

Mr. HALLEY. He was in the midst of quite a dispute with Humphreys, Guzik, and Levin?

Mr. SERRITELLA. Whatever dispute, he never told me. The only thing he said to me was this, that he and I was in partnership with the Blue Scratch Sheet, first Ed Kinsella, and then this other fellow Farrell. That is all I know.

Mr. HALLEY. And then what happened?

Mr. SERRITELLA. I dissolved the friendship. I went to court myself. I went there and broke away from Farrell.

Mr. HALLEY. You got paid off by Ragen, didn't you; \$50,000 at that time?

Mr. SERRITELLA. That is what he said; and he put it up with the Title & Trust and the lawyers handled it. We had Callaghan—he represented me at the time.

Mr. HALLEY. That is right; and did you have various discussions with Ragen about how much money should be paid?

Mr. SERRITELLA. I never talked to him. Ragen and I, the last time I had a talk with Ragen he was in the FBI office. Him and I broke right then and there. I never had talked to him. Right in the FBI office I told him I was through with him.

Mr. HALLEY. You had a lot of conversations with Ragen before that, didn't you?

Mr. SERRITELLA. Yes; before that. Who remembers all that? But that was the last time, and then I saw him in Judge Lupe's court, and he wanted to talk to me and I wouldn't talk to him.

Mr. HALLEY. Ragen was worried about the hoodlums in the wire-service business, wasn't he?

Mr. SERRITELLA. He was the biggest hoodlum himself. Why was he worried about anybody? No use talking about the dead. How many people did he murder?

Mr. HALLEY. How many?

Mr. SERRITELLA. I don't know. The record will show. The FBI knows. Why talk about the dead? He was no angel.

Mr. HALLEY. Let's talk about the live.

Mr. SERRITELLA. I mean, he didn't have wings on him.

Mr. HALLEY. Now, Senator, who were the hoodlums Ragen was worried about?

Mr. SERRITELLA. I don't know. Listen, he had so many pipe dreams and different things. He done pretty good. Annenberg dropped the ball there and he got the wire service for nothing.

Mr. HALLEY. He picked up the service?

Mr. SERRITELLA. He picked up everything. He picked up everything he could grab. He done pretty good for himself.

Mr. HALLEY. For a while Hymie Levin had it; is that right; after Annenberg dropped it?

Mr. SERRITELLA. No. I don't know who had it. I know I didn't pick it up. He said he had a case; he had nothing to do with it.

Mr. HALLEY. And then Ragen got the service; is that right?

Mr. SERRITELLA. The only thing I know is this here, that when Byrnes—when they shut it off the business was no good. I was losing money on the Green Scratch Sheet, and I sold out. What is the use of being in a business that don't pay?

Mr. HALLEY. You sold out the Green Scratch Sheet?

Mr. SERRITELLA. Yes.

Mr. HALLEY. Then you went into the Blue Scratch Sheet later?

Mr. SERRITELLA. The confusing thing is this, he used the Green to put me out of business, and was in with Farrell.

Mr. HALLEY. That was the new Green Scratch Sheet?

Mr. SERRITELLA. That was the new one.

Mr. HALLEY. Let's take one at a time. We will get a little confused, if we don't.

Mr. SERRITELLA. That is right.

Mr. HALLEY. There was a Green Scratch Sheet that you went in on around 1935 or so?

- Mr. SERRITELLA. That is a different one.

Mr. HALLEY. That is a different one?

Mr. SERRITELLA. That is the National.

Mr. HALLEY. That is right.

Mr. SERRITELLA. That is the Madison Publishing Co.

Mr. HALLEY. That is right.

Mr. SERRITELLA. When I had the Blue Scratch Sheet with Farrell, he said to me, "I am going to get another Green one." I said, "Remember, I still have the copyright on the National Green one."

Mr. HALLEY. Ragen threatened you?

Mr. SERRITELLA. He said he would put me out of business if I wouldn't straighten this thing out.

Mr. HALLEY. You refused?

Mr. SERRITELLA. No; I tried; I made an honest effort.

Mr. HALLEY. But you refused to go out of business?

Mr. SERRITELLA. Yes; I refused to go out of business. We went to court.

Mr. HALLEY. He sued you?

Mr. SERRITELLA. Yes.

Mr. HALLEY. And they sued you on the theory that Guzik was your silent partner?

Mr. SERRITELLA. I dissolved the partnership, sold out to the highest bidder, and they bid \$50,000. I sold out.

Mr. HALLEY. They charged that—

Mr. SERRITELLA. Whatever was in that.

The CHAIRMAN. Wait just a minute, Senator, let him ask the question.

Mr. SERRITELLA. Yes.

Mr. HALLEY. Isn't that the fact, they charged Guzik and Levin were your silent partners?

Mr. SERRITELLA. That was the accusation. Those were the allegations.

Mr. HALLEY. That is what they charged?

Mr. SERRITELLA. Yes.

Mr. HALLEY. Wasn't it a fact that Guzik was your silent partner?

Mr. SERRITELLA. No; he borrowed money from me. I never paid him back.

Mr. HALLEY. You mean he loaned money to you, don't you?

Mr. SERRITELLA. That is right.

Mr. HALLEY. And you agreed you would split the profits?

Mr. SERRITELLA. I still had to pay money when I got the \$50,000.

Mr. HALLEY. You have a partnership return showing that you and Guzik split—

Mr. SERRITELLA. That speaks for itself, the return.

Mr. HALLEY (continuing). \$17,000?

Mr. SERRITELLA. That speaks for itself.

Mr. HALLEY. Well, that was some profit, wasn't it?

Mr. SERRITELLA. Whatever it was.

Mr. HALLEY. You split it 50-50 with Guzik?

Mr. SERRITELLA. Nowadays with the taxes you have to be an auditor, you have to be a lawyer, you cannot—

Mr. HALLEY. Look, Senator, let's be reasonable now. You have come in now, and you want credit for being the fellow who showed up and answered questions.

Mr. SERRITELLA. That is right; I am.

Mr. HALLEY. Try to answer, and stick to the question. It is just as bad to make speeches—

Mr. SERRITELLA. But I don't want to be confused.

Mr. HALLEY. The only one to be confused is yourself, if you speak about irrelevant things.

Mr. SERRITELLA. All right. Pardon me.

Mr. HALLEY. You are here, I presume, to show this committee your good intentions as a Senator?

Mr. SERRITELLA. That is right.

Mr. HALLEY. And you can do just as much harm by answering questions that are not asked.

Mr. SERRITELLA. Well, I am a little aggravated.

Mr. HALLEY. Let's take it slowly again.

Mr. SERRITELLA. I am a little aggravated. I am broke.

Mr. HALLEY. You are making a speech again, Senator.

Mr. SERRITELLA. How would you feel if you were broke?

Mr. HALLEY. Now, Senator, they said Guzik was your silent partner?

Mr. SERRITELLA. That was the allegation. I answered that.

Mr. HALLEY. And the fact is that he was?

Mr. SERRITELLA. The fact is—the thing never went to trial. I went in there and we dissolved, we dismissed the suit, and the judge, Judge Lupe, appointed a receiver, the receiver went over to the Blue Scratch Sheet, and he said the highest bidder gets it. They were the highest bidder.

Mr. HALLEY. They paid \$50,000?

Mr. SERRITELLA. That is right, and I stepped out of there.

Mr. HALLEY. And you paid off Guzik?

Mr. SERRITELLA. I paid the lawyers and the taxes, whatever it is I filed.

Mr. HALLEY. You paid Guzik back his share?

Mr. SERRITELLA. Whatever I owed him, I paid him back.

Mr. HALLEY. You stated last night you paid him \$15,000.

Mr. SERRITELLA. Whatever I paid him. We both filed.

Mr. HALLEY. That is right. You paid him back?

Mr. SERRITELLA. That is right.

Mr. HALLEY. And so in effect they were right, Guzik was your silent partner?

Mr. SERRITELLA. Well, Ragen knew. He told me to go out and borrow money, and where was I going to borrow it from? You can't get no money from the bank unless you get collateral. Where was I going to get the collateral?

Mr. HALLEY. Except from Guzik, is that right?

Mr. SERRITELLA. I get it from Jim here, from the Tribune, if I had known——

Mr. HALLEY. Did you get it from Guzik?

Mr. SERRITELLA. Yes; I got it from Guzik, I am not ashamed of Guzik.

Mr. HALLEY. Why don't you say it?

Mr. SERRITELLA. I wish there was a lot more like him.

Mr. HALLEY. What was Ragen arguing about with R. & H.; what was the fight about?

Mr. SERRITELLA. The fight was he wanted all of the service. He said that he wanted to control all of the thing under the Continental Press, under one roof.

Mr. HALLEY. Why?

Mr. SERRITELLA. Well, he said that it is no good to have too many people in it, so I said they get that all over the country.

Mr. HALLEY. He went to Washington, and he saw J. Edgar Hoover, and he came back and he——

Mr. SERRITELLA. That is what he said.

Mr. HALLEY. He said he had to get the mob out of the wire service?

Mr. SERRITELLA. That is right, that is what he said. He told that to everybody.

Mr. HALLEY. He told you, didn't he?

Mr. SERRITELLA. Yes.

Mr. HALLEY. If he had gangsters in the wire service he would be put out of service?

Mr. SERRITELLA. They would cut the wire off.

Mr. HALLEY. That is right.

Mr. SERRITELLA. That is right.

Mr. HALLEY. And so he tried to buy out Hymie Levin and the R. & H. Publishing Service; isn't that right?

Mr. SERRITELLA. That is right. He tried to buy them out. I don't know what became of any conversations they had between themselves; I was not there.

Mr. HALLEY. You were not there?

Mr. SERRITELLA. I was not there.

Mr. HALLEY. You did have several conversations with Ragen yourself?

Mr. SERRITELLA. Yes. He said to me, he said, "I want to sit down——" his brother died, his older brother Dan died, and said to me, he came here to bury his brother, and he said to me, "Dan," he said, "I want to get this over with," and he went over and talked to a lawyer on 1 North La Salle Street, and he said—he said, "I am in the lawyer's office now," he said, "I got to make a deal about that fellow."

I said, "Well, you know his number, call him up, and go make a deal with him. What do you want me to do, I can't tell the man what to do.

I said, "Hymie Levin is paralyzed, crippled, the poor man can't talk, he talks like an imbecile, he has got to write down what he says, he can't talk, everybody knows that"; so I said, "Make your own connection with Hymie Levin."

Mr. HALLEY. You had a number of talks yourself with Levin, did you not, in an effort to settle this dispute?

Mr. SERRITELLA. Yes; I talked when he was—well, I think Ragen made him sick.

Mr. HALLEY. You also went and saw him when he was sick?

Mr. SERRITELLA. Oh, how——

Mr. HALLEY. Please have the courtesy, when we are talking to you, and you are answering questions, please look at me.

Mr. SERRITELLA. I couldn't talk to him after the man got sick, and he has been sick for 4 or 5 years, or better.

Mr. HALLEY. We are talking about what happened in 1946.

Mr. SERRITELLA. He came to me—Ragen said to me, "You go over and talk to him, and say to him that we got to get together, and I want to buy him out," and I went over and delivered the message to him, and he said, "Fine, if he buys me out, I would be glad to sell out to him. Tell him to call me and I will make an appointment with him and I will sit down and talk to him."

That is all I know.

Mr. HALLEY. And Ragen never offered enough money; is that right?

Mr. SERRITELLA. That is right.

Mr. HALLEY. He was willing to pay a certain amount a week?

Mr. SERRITELLA. The only word I got was Ragen came back and said "It looks like we are a little far apart. I can't give him all cash," and I said, "That's your business, do whatever you can with him."

Mr. HALLEY. He said he would be willing to give him a weekly payment, put him on the payroll?

Mr. SERRITELLA. That is all.

Mr. HALLEY. In fact, he told you about some man who got consumption and he put him on the payroll and bought him out that way?

Mr. SERRITELLA. That is right. He told me this fellow in Connecticut by the name of Peters had a wire down there, and he had a short time to live, he had about a year or two, and he got the fellow out, and he said it would be better if he will get so much a week, and when he died the widow got the money.

Mr. HALLEY. In the meantime Levin was going out and getting customers of his own?

Mr. SERRITELLA. That is something I don't know. I was busy with my own business, I don't know.

Mr. HALLEY. You knew Levin was paying for wire service at \$750-a-week rate?

Mr. SERRITELLA. He was paying that to the Continental.

Mr. HALLEY. Hymie told you that?

Mr. SERRITELLA. Illinois News. Ragen told me that.

Mr. HALLEY. Levin told you, too, didn't he?

Mr. SERRITELLA. Ragen. Sure, Ragen told it to him.

Mr. HALLEY. Ragen told you and you also heard it from Hymie?

Mr. SERRITELLA. That was an agreement between themselves, that was an open book.

Mr. HALLEY. They had an agreement between Hymie and Ragen not to take each other's customers?

Mr. SERRITELLA. That is what they both said.

Mr. HALLEY. They both said that to you?

Mr. SERRITELLA. That is right; yes.

Mr. HALLEY. R. & H. were trying to get Ragen's customers?

Mr. SERRITELLA. That is right. R. & H. had a bunch of customers. Whatever customers he had, I don't know who the customers were.

Mr. HALLEY. You knew he had a bunch of customers he was servicing?

Mr. SERRITELLA. He probably had.

Mr. HALLEY. Hymie had them?

Mr. SERRITELLA. He had some—he has had customers.

Mr. HALLEY. They were known as the mob customers, weren't they.

Mr. SERRITELLA. I don't know whether that is exactly right—I don't know. R. & H. had more than he had.

Mr. HALLEY. Ragen had his own bunch of customers?

Mr. SERRITELLA. He said he had more than Hymie.

Mr. HALLEY. They had a deal not to interfere with each other?

Mr. SERRITELLA. At that time he did.

Mr. HALLEY. And the average price a bookie would pay for wire service was \$40 or \$50 a week?

Mr. SERRITELLA. It all depends.

Mr. HALLEY. You said so.

Mr. SERRITELLA. Some of the fellows can't stay in business and pay more than that. Otherwise they would go out of business. I see a lot of bookmakers walking the street, they are broke.

Mr. HALLEY. That is what they said?

Mr. SERRITELLA. Something like that, and some paid \$25, I don't know.

Mr. HALLEY. The average was \$40 or \$50?

Mr. SERRITELLA. Whatever it was.

Mr. HALLEY. We were up to \$40 or \$50 the last time we talked.

Mr. SERRITELLA. Yes.

Mr. HALLEY. And that is the average, isn't it?

Mr. SERRITELLA. Some pay less.

Mr. HALLEY. That is right.

Mr. SERRITELLA. And ain't got no money, Mr. Halley.

Mr. HALLEY. You said on three occasions that the average price was \$40 to \$50, and you had personally known some books—long ago, of course, and that is how you know it?

Mr. SERRITELLA. I was a newsboy, and most of the newsboys agree they graduate to be a bookie, that is a known fact.

Mr. HALLEY. When some graduate, they get in the class of Guzik?

Mr. SERRITELLA. They are all bookies now.

Mr. HALLEY. And they paid \$40 or \$50 a week for wire service.

Mr. SERRITELLA. Whatever they paid.

Mr. HALLEY. Hymie had a couple of hundred customers?

Mr. SERRITELLA. That is something I wouldn't know.

Mr. HALLEY. He had quite a bunch?

Mr. SERRITELLA. I don't know what he had. I mean I don't look at the man's books. I had all I could do to mind my own business. I had a scratch sheet to take care of. I said to him, "I never want

to interfere with the service"; the only thing I was interested in was the scratch sheet. Every scratch sheet that was sold I get a profit on. I didn't care; I paid service myself. I paid \$500 a week for service.

MR. HALLEY. Didn't the time come when Hymie told you he was going to cut down his price to Ragen and from now on he was only going to pay Ragen 75 bucks a week?

MR. SERRITELLA. I don't know nothing about that. The only thing I know—the only thing I know is that he was paying that and he had a lawyer by the name of Golding, Robert Golding, he used to work with Kirkland, and Golding told him to cut him off, so he did what Robert Golding told him to.

MR. HALLEY. And then Ragen threatened to cut Levin off, did he not?

MR. SERRITELLA. I think he did.

MR. HALLEY. And he cut him off?

MR. SERRITELLA. He had him on the loudspeaker. It was in all the newspapers?

MR. HALLEY. The fact he did cut him off?

MR. SERRITELLA. The fact is just like the electric company shuts your lights off.

MR. HALLEY. When he cut him off, he also cut the blue scratch sheet off?

MR. SERRITELLA. Not the one that he owned with Farrell, and I knew, because we were paying him. He never cut me off.

MR. HALLEY. Well, he started a lawsuit against you?

MR. SERRITELLA. That is right; but he still took my money.

MR. HALLEY. He took your money?

MR. SERRITELLA. That is right; every week I paid for the green—for the blue, and he had the green in opposition to me; that is why the kind of confusion with you.

MR. HALLEY. In effect, though, he put you out of business?

MR. SERRITELLA. Well, I had no choice.

MR. HALLEY. That is right.

MR. SERRITELLA. If I had stayed in the business—I was losing money; he had the green scratch sheet, and I was losing money every week. At one time and that was a matter of record, the people were waiting to get paid there, and Farrell wouldn't bring the money, Ragen wouldn't give him money, and I had to dig up some money to pay the people working there, the drivers.

MR. HALLEY. Levin was in the beer business——

MR. SERRITELLA. And the court made him pay the difference when he sold.

MR. HALLEY. Levin was in the beer business with Capone, way back——

MR. SERRITELLA. I don't know about that.

MR. HALLEY. You told us that.

MR. SERRITELLA. I didn't tell you that. I didn't tell you that.

MR. HALLEY. Let's see: "Question—" I think I asked you—"Mr. Serritella, he was in the beer business with Capone?" And you said "Yes."

MR. SERRITELLA. I never said——

MR. HALLEY. Let me read it to you. It wouldn't hurt if I just read it, Mr. Serritella.

Mr. SERRITELLA. I know, if I had my paper here, and had a lawyer—I don't remember.

Mr. HALLEY. The answer you gave was "Yes," and "He served time—that is the only thing—on income tax." Isn't that a fact?

Mr. SERRITELLA. You asked me if Levin was ever in trouble and I said the only trouble I know was income tax; he served time on income tax. Now you got that wrong. That is a matter of record that he served on income tax.

The CHAIRMAN. Senator, here is the question on page 4704—

Mr. SERRITELLA. If I get my paper, if I get counsel—

The CHAIRMAN. Just let me ask you whether this is right or wrong.

Mr. SERRITELLA. That is wrong.

The CHAIRMAN. Senator, let us read it to you first.

Mr. SERRITELLA. You can read it all day and I tell you it is wrong.

Mr. CHAIRMAN. Let me read it and don't you answer—

Mr. SERRITELLA. O. K., Senator.

Mr. CHAIRMAN. Page 4704:

Mr. HALLEY. He was in the beer business with Capone, Mr. Serritella?

Mr. SERRITELLA. I never read it.

The CHAIRMAN. Just a minute, now.

Yes; and he served time, that is the only thing, on income tax.

Mr. SERRITELLA. That is what I said, "income tax," which is a matter of record.

The CHAIRMAN. Is this right, what you said here?

Mr. SERRITELLA. No; as far as that goes, Hymie Levin, when I run for committeeman and Senator, Hymie Levin went out and he was a businessman in my ward, he had an automobile—him and his brother had an automobile-parts business on State Street, and he went out and voted for me and had everybody vote for me. He was my friend. If the man dies tomorrow, and I not, I will go to his funeral.

Mr. HALLEY. Now, Senator, he was in the beer business with Capone, wasn't he, in the old days?

Mr. SERRITELLA. I am not a prohibition agent; I don't know what he was in.

Mr. HALLEY. Were you?

Mr. SERRITELLA. No.

Mr. HALLEY. Was Harry Guzik in with Levin?

Mr. SERRITELLA. I don't know.

Mr. HALLEY. You told us the other day—

Mr. SERRITELLA. You can say anything. Now, listen; wait a minute; that ain't fair. I ain't got no lawyer here. Now you can slap the whole book on me.

Mr. HALLEY. It doesn't take a lawyer to read this.

Mr. SERRITELLA. You can have a lot of books to read and I am going to refuse to—Jesus, don't take advantage of my good nature. What do you want to do, send me to the penitentiary? Do you want to incriminate me?

You are trying to give me the whole book. You want me to take the whole thing on my shoulders.

Mr. HALLEY. We are going ahead and find out who was in the R. & H. deal.

Mr. SERRITELLA. I don't know it.

Mr. HALLEY. The answer you gave last time——

Mr. SERRITELLA. I still say this, I don't care what your answer is there, and anything else, I have no counsel and I have no record to refer myself. I think it is unfair.

Mr. HALLEY. Well, I am not going to make any attempt to proceed against you when you haven't got counsel. I am just going to ask you questions, and you are not going to be hurt in any way.

Mr. SERRITELLA. You ask me the question and I can still be silent.

Mr. HALLEY. I will read a question and answer and you can be silent if you want.

Mr. SERRITELLA. You are going to read the question and the answer, that is a good one. I am beat before I start.

Mr. HALLEY. You sure are, on this answer, because it is yours, and listen to it.

Mr. SERRITELLA. If it is mine——

The CHAIRMAN. Wait a minute, Senator, we are not getting any place.

Mr. SERRITELLA. I am trying to be——

The CHAIRMAN. Will you turn around here, please?

Mr. SERRITELLA. You have taken advantage of my good nature. I mean not you, but him.

The CHAIRMAN. We appreciate your cooperation and your willingness to cooperate, but we want to get through with this hearing and I think we will get along better if you will wait until the question is asked.

Mr. SERRITELLA. Yes; but——

The CHAIRMAN. Wait until the question is asked and then if you have any comment you want to make after the question is asked——

Mr. SERRITELLA. He gives me the question and the answer with it.

The CHAIRMAN. He is going to ask you whether this is what you said, or not. Let him read the question and answer.

Mr. HALLEY. This is from your last answer, Senator.

Mr. SERRITELLA. All right.

Mr. HALLEY. Now the question is, "Was Hymie and also H. Guzik in there?" That is the question, and your answer was, "I think he is dead, the brother Harry, not Jack."

Mr. SERRITELLA. I don't remember that question.

Mr. HALLEY. You don't remember that?

Mr. SERRITELLA. I don't remember you asking me that question.

Mr. HALLEY. Well, was Harry Guzik in business with Hymie Levin?

Mr. SERRITELLA. I still say that if I had my record and had counsel, I would like to look it over and then it would be a different story.

Mr. HALLEY. Well, that is a reasonable petition, so I will just ask you now from your own memory today——

Mr. SERRITELLA. I don't remember. I don't know.

Mr. HALLEY. You don't know whether——

Mr. SERRITELLA. I don't even know what I had for supper 2 weeks ago, if you asked me what I had for supper 2 weeks ago. How could I remember that.

Mr. HALLEY. Ragen was killed; is that right?

Mr. SERRITELLA. Jeez, everybody knows that. I am sorry.

Mr. HALLEY. He was scared stiff, before he was killed, of some people; is that right?

Mr. SERRITELLA. Scared stiff? He was carrying two guns with him and five coppers with him. I don't think he was scared. He told me he wasn't afraid of nobody and I said to him, "If you were smart you would bring some prayer beads with you like I do, instead of a pistol."

Mr. HALLEY. You suggested he go away to Florida and get away from it?

Mr. SERRITELLA. Certainly. Instead of carrying two pistols, I said carry these with you and go to church and pray and be a good boy.

Mr. HALLEY. Do you think his murder had anything to do with the difficulties he was having with Guzik and Hymie Levin and Humphreys?

Mr. SERRITELLA. I wouldn't know. There might have been a million things. I wish I knew. The Daily Times has got \$25,000 maybe for that question. The man was a good fellow. He had so many things. Look, he run over a woman right on the same place. Here is the commissioner of police—is that you, Commissioner?

Mr. O'CONNOR. I think so.

Mr. SERRITELLA. Listen, Commissioner, I know you have been fair. On the same corner where Ragen was killed—you talk about fate—he run over a Jewish woman on that same corner, and he came to me and he said "Straighten that out for me." I said, "You were driving like a crazy guy; like a cowboy," and I could prove that.

The CHAIRMAN. Anyway, the point is that Mr. Ragen was trying to put the R. & H., Guzik, Humphreys—

Mr. SERRITELLA. He was looking out for himself.

The CHAIRMAN. Just a minute. Guzik, Humphreys, Levin, and Katz out of business because he wanted to get them out; that is correct, isn't it?

Mr. SERRITELLA. The only thing I know—I hate to go and talk about a dead man, but he had a son named Matt. He promised never to carry a gun with him, and he had a gun, and I walked in his office one day and my son that he was a godfather to, he had coppers pull guns on him. I said, "What is this getting to be? Crazy. You are going nutty."

The CHAIRMAN. Anyway, there was a dispute between Ragen and the R. & H. during the time he wanted to take over the whole thing; isn't that correct?

Mr. SERRITELLA. Well, I put it this way, that didn't belong to him. That belongs to M. L.'s family. That didn't belong to him.

The CHAIRMAN. All right. Go ahead.

Mr. SERRITELLA. I mean, he is trying to get something that didn't belong to him.

The CHAIRMAN. We are not saying whether it belonged to him or not, but anyway, he wanted to take it over whether it belonged to him or not.

Mr. SERRITELLA. I told him to do it in a legal way. What have we got courts here and everything else for? Has he any more right than anybody else to carry a gun? He had a gun in the courtroom when I had my case before Judge Lupe.

Mr. HALLEY. I thought he was your friend?

Mr. SERRITELLA. My friend? Listen, nobody could control him when he was that way. I think the Commissioner knows away back. He was a fellow that very few people could handle.

Mr. HALLEY. You are now saying he took the wire service improperly?

Mr. SERRITELLA. He took it when Annenberg left it there; when Annenberg pleaded guilty, he took over. There is a record on that.

Mr. HALLEY. In any event, his excuse to you for wanting to get rid of these people was that unless he got the mob out of the wire service, the FBI would put him out of business?

Mr. SERRITELLA. He came to me with a reasonable story, and I thought he was honest about it, and he said, "I cannot have anybody connected with the service." I said, "I know that," because it was the same thing when M. L. had it. When M. L. Annenberg had the service, they used to change, every day there was a different partnership, and M. L. had to send a lawyer. He sent Roy D. Keehn down there a half dozen times to prove there was no—they blamed a lot of gangsters for being Annenberg's partner. He had to go to Washington and use Roy D. Keehn to go down there and prove he had anybody in there.

Mr. HALLEY. You think Ragen was in the same situation? Just yes or no.

Mr. SERRITELLA. Ragen was in the same situation. I think he meant well. I know when he—I said to him, if you don't get excited, I said, if you take that pistol out of your pocket and all that stuff there, and have the lawyers handle this, I think there is no problem big enough that cannot be straightened out. There is room for everybody and everybody can make a living. That was my advice to him.

And he said himself afterward he was sorry he didn't take my advice.

Well, the same way with Flannagans—when the Flannagans fooled around with me, in order not to have any trouble with them, I gave it up, the same as the Edelman boys did. Why should I have trouble?

The CHAIRMAN. Senator, here is this receipt I was interested in, of December 1945. Does that mean that you paid \$9,000 income tax that year, or what is that?

Mr. SERRITELLA. That is a receipt we had to send it in, see.

The CHAIRMAN. Well, that is \$9,000 you paid that year?

Mr. SERRITELLA. That is right.

The CHAIRMAN. Which scratch sheet were you operating then?

Mr. SERRITELLA. That was the blue one. That was the one I had. Senator, with Farrell. That was the one I dissolved.

The CHAIRMAN. That is the one you got in a lawsuit about and they finally had to sell?

Mr. SERRITELLA. Yes; that is right. I always paid my taxes.

Mr. HALLEY. Thank you, Senator. Sorry if I hurt your feelings.

Mr. SERRITELLA. No, no, listen—

The CHAIRMAN. All right, Senator. Thanks very much.

Mr. SERRITELLA. You are welcome. I might say, you listen, I wonder if the press will put this down. I think either you or Robinson, or somebody said that I wouldn't dare to run for office, that somebody is going to stop me from running for office.

I will say right now that I am a candidate for alderman of the first ward. I would like to see anybody stop me.

Mr. HALLEY. I am sure nobody connected with this committee would attempt to do anything like that.

Mr. SERRITELLA. Robinson knows that. Isn't that right?

The CHAIRMAN. We understand you are running for office, and it is not up to us to tell anybody whether you are going to run or not.

Mr. SERRITELLA. The only thing I want is a fair shake. That is all. I want you to know that.

The CHAIRMAN. All right. Thank you, Senator.

(Witness excused.)

The CHAIRMAN. I believe we have another short witness now.

Mr. HALLEY. We do have another short witness, but I think he can go over.

The CHAIRMAN. Just a minute, please.

Mr. SERRITELLA. I won't disturb you any more now, Senator. Did you want me to come back again?

The CHAIRMAN. No, no, you are all right. Come back, if you want to, though.

Mr. SERRITELLA. No; you have got my telephone number and my address. I will be glad to come back.

The CHAIRMAN. We will recess until 9:30 in the morning. I think tomorrow night we will have to have a night session, but until 9:30 we will be recessed.

I know that there are some witnesses here from Florida. We would like very much to hear them. They say the climate is very cool for them up here. So maybe we can get them on early.

Suppose we start at 9 o'clock in the morning, and we will try to get these few gentlemen from Florida in first. Instead of 9:30, we will start at 9 in the morning.

(Whereupon at 5:20 p. m., Monday, December 18, 1950, the hearing recessed until 9 a. m., Tuesday, December 19, 1950.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

TUESDAY, DECEMBER 19, 1950

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED
CRIME IN INTERSTATE COMMERCE.

Chicago, Ill.

The committee met, pursuant to adjournment, at 9 a. m., in room 267, United States Court House, Senator Estes Kefauver (chairman) presiding.

Present: Senator Kefauver.

Also present: Rudolph Halley, chief counsel; George Robinson, associate counsel, and Henry P. Kiley, William Amis.

The CHAIRMAN. The committee will come to order.

Mr. HALLEY. I will call Leo Joseph Carroll.

The CHAIRMAN. Are you Mr. Carroll?

Mr. CARROLL. Yes, sir.

The CHAIRMAN. Will you raise your right hand and be sworn, please?

Let's have less noise.

Do you solemnly swear that you will tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CARROLL. I do.

TESTIMONY OF LEO JOSEPH CARROLL, MIAMI, FLA.

Mr. HALLEY. What is your full name, Mr. Carroll?

Mr. CARROLL. Leo Joseph Carroll.

Mr. HALLEY. And your address, please?

Mr. CARROLL. 4730 Northwest Sixth Avenue, Miami, Fla.

Mr. HALLEY. And when did you first—

The CHAIRMAN. Wait, just a minute. Let's have less confusion in the committee room.

All right, Mr. Halley.

Mr. HALLEY. When did you first go to Florida?

Mr. CARROLL. 1928.

Mr. HALLEY. And what was your first job in Florida? Did you work at the Old Bagdad Club?

Mr. CARROLL. That is correct.

Mr. HALLEY. Near Hialeah, is that right?

Mr. CARROLL. That is correct.

Mr. HALLEY. And then for awhile you went back to Detroit?

Mr. CARROLL. That is correct.

Mr. HALLEY. And then you went to work for the wire service, is that right?

Mr. CARROLL. No, sir, I worked around Miami about 5 or 6 years, I guess, in different horse rooms.

Mr. HALLEY. You worked for Yarborough; is that right?

Mr. CARROLL. Yes.

Mr. HALLEY. And for Eddie Padgett?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. Did you work for anybody else?

Mr. CARROLL. I have a cold. I picked up a beautiful cold, so if you can't hear me——

Mr. HALLEY. Well, maybe we can have quiet.

Will you answer?

Mr. CARROLL. I worked for Frank Hyde.

Mr. HALLEY. You worked for Mr. Hyde?

Mr. CARROLL. Yes, H-y-d-e.

Mr. HALLEY. Hyde?

Mr. CARROLL. Yes.

Mr. HALLEY. And that was a gambling operation?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. Hyde bankrolled it?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. And when you worked for Yarborough and Padgett they were bookies, is that right?

Mr. CARROLL. Correct.

Mr. HALLEY. Then around 1935 or 1936, that is when you went to the wire service, is that right?

Mr. CARROLL. Right.

Mr. HALLEY. And you went on the recommendation of Frank Hyde?

Mr. CARROLL. That is right.

Mr. HALLEY. He is the man you had worked for?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. What was his job at that time with the wire service?

Mr. CARROLL. Well, at one time he had a contract for it—he handled the Miami distribution end of it. I don't know who he had the contract with. I was merely an employee and he seemed to sell service. That is, he was supposed to be in charge at that time. I guess he had subleased it from somebody, who I wouldn't know.

Mr. HALLEY. Hyde was a sort of power?

Mr. CARROLL. That's right.

Mr. HALLEY. In local racketeering?

Mr. CARROLL. That's right.

Mr. HALLEY. Now, then, a short time after you went to work for Hyde in the wire service, he was succeeded by William G. "Butsy" O'Brien?

Mr. CARROLL. That is correct.

Mr. HALLEY. Is "Butsy" O'Brien known by any other name?

Mr. CARROLL. Walter Keogh.

Mr. HALLEY. And how long did you work for "Butsy" O'Brien after that?

Mr. CARROLL. Until March 1949.

Mr. HALLEY. How did you meet O'Brien, and where?

Mr. CARROLL. Well, I contacted him in a resort just outside of Miami. I believe it was called Frank's Hotel at that time.

Mr. HALLEY. And the arrangements were made by Hyde?

Mr. CARROLL. Hyde and Haggerty was there at the time with O'Brien.

Mr. HALLEY. What was your first job with O'Brien?

Mr. CARROLL. Well, I was a local man there, Mr. Halley, considered local. I knew everybody, and I was more or less of a contact.

They knew practically nobody, so I was used as a contact, and then later I went on the wire, on the broadcast. For 7 years I was on that broadcast wire down there.

Mr. HALLEY. Broadcasting results?

Mr. CARROLL. That is right.

Mr. HALLEY. What was the name of the wire service nationally, when you went to work for it?

Mr. CARROLL. Nationwide News, if I remember right.

Mr. HALLEY. Nationwide News?

Mr. CARROLL. That is right.

Mr. HALLEY. Was it ever called General News?

Mr. CARROLL. Yes; it seemed the Nationwide had just taken over the General, either before or later, I can't remember. Truthfully, I can't remember.

Mr. HALLEY. Shortly after you went to work Nationwide took over?

Mr. CARROLL. I believe that is correct.

Mr. HALLEY. Generally? And at that time Annenberg had it nationally?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. Is that right?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. What were the names of the local companies that handled the news?

Mr. CARROLL. Well, there was only the one company that handled it, but it has been changed so many times. It was Hollywood News—well, that was later. If I remember right, it was first called the Georgia News, then it was called Hollywood News, Orange State News, and Miami Publishing Co., and the last one that I can recall was the Intra-State. That was what it was called at the time that I got out of the business.

Mr. HALLEY. And throughout all this time, the man who was in charge of the operation was O'Brien?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. Where were the headquarters for O'Brien when you first went to work?

Mr. CARROLL. I think it was 536 Northwest Fourth Avenue.

Mr. HALLEY. That is in Miami, of course?

Mr. CARROLL. Yes.

Mr. HALLEY. Did they also have a place in Hallandale?

Mr. CARROLL. Yes.

Mr. HALLEY. Where was that?

Mr. CARROLL. Right across from the post office. I don't recall the name of the street. It was just a place where we used in an

emergency, when things got rough in Miami, then we moved up there.

Mr. HALLEY. You mean, when the heat was on in Miami, you would go up to Hallandale and operate from there?

Mr. CARROLL. Yes.

Mr. HALLEY. That was in Broward County?

Mr. CARROLL. Right.

Mr. HALLEY. Now, for some period of time during World War II when operations were somewhat slower, didn't the company move to the Dade County News Dealers Building?

Mr. CARROLL. That is right; yes. We lost all our phones there.

Mr. HALLEY. How many phones did you lose during the war?

Mr. CARROLL. It was 56 in one spot, I remember, and I think it was 22 or 24 in another.

Mr. HALLEY. Did you have trouble getting them back after the war, Mr. Carroll?

Mr. CARROLL. Never did get them back.

Mr. HALLEY. You never did get them back?

Mr. CARROLL. No, sir.

Mr. HALLEY. Did you want them back?

Mr. CARROLL. We tried to get them back. They were very essential in the business.

Mr. HALLEY. But you couldn't get them back?

Mr. CARROLL. No.

Mr. HALLEY. You did pick up your customers after the war again.

Mr. CARROLL. We took care of the customers, but we couldn't take care of them as good. We had them all through the war. We had a little news and we got some service from Cuba and Mexico.

Mr. HALLEY. Where did you get the news from Mexico and Cuba?

Mr. CARROLL. By telephone and sometimes we would get it out of the paper the next day. But the boys down there were pretty friendly, you know what I mean, and tried to keep it together and save something.

Mr. HALLEY. You worked pretty closely with Walter Haggerty, is that right?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. At this time was Haggerty the boss, or up to March when you left, was Haggerty a boss or employee of O'Brien?

Mr. CARROLL. He was an employee. O'Brien was my boss.

Mr. HALLEY. O'Brien was the boss?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. Did he appear to be Haggerty's boss, too?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. And he gave the orders?

Mr. CARROLL. He gave the orders, that is right.

Mr. HALLEY. Now, what was your salary while you worked for the wire service?

Mr. CARROLL. Well, when I started, it was \$35 a week. Then it got to be \$50; then it got to be \$60; then it got to be \$75; then it went back to \$50. Then, it went to \$75; then it went to \$100. And, at the time that I finished there, I was getting \$150.

Mr. HALLEY. Now, do you remember what Haggerty's salary was?

Mr. CARROLL. We were supposed to be working as a team. I always understood it was the same as mine.

Mr. HALLEY. During a period of time a lot of property was put in Haggerty's name, is that right?

Mr. CARROLL. That is correct.

Mr. HALLEY. How did that come about, Mr. Carroll?

Mr. CARROLL. Truthfully, I couldn't answer that. It was probably for reasons unbeknown to me. I never asked him any questions. I found out in an organization, the less they seen you, and the less you knew about it, the better you got along.

Mr. HALLEY. O'Brien was having trouble with the Bureau of Internal Revenue, was he not?

Mr. CARROLL. I recall that; yes.

Mr. HALLEY. Was it about that time that the property was put in Haggerty's name?

Mr. CARROLL. It could be.

Mr. HALLEY. It could be, and that was just before Haggerty went into the armed services, wasn't it?

Mr. CARROLL. That is true, if I remember right; 1942, I believe that is right.

Mr. HALLEY. It went into Haggerty's name at just the time he was leaving to go to war?

Mr. CARROLL. That is right.

Mr. HALLEY. And during all of that time, after Haggerty left, O'Brien continued being the boss, is that right?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. When Haggerty came back, was O'Brien still the boss?

Mr. CARROLL. The only boss that I know of.

Mr. HALLEY. Haggerty was your partner in a team?

Mr. CARROLL. That is right.

Mr. HALLEY. Rather than your boss?

Mr. CARROLL. That is right.

Mr. HALLEY. Now, what was the relationship between the wire service in Florida, and Continental Press in Chicago?

Mr. CARROLL. Well, truthfully, Mr. Halley, I am not too familiar with that. I can give you the reason for that.

My duties were to sell service and collect service in Miami. Previous to that, it was on Miami Beach and Miami, but as Miami Beach got larger, why I think we unloaded that about 1938, so I had nothing to do with the beach from then on.

Therefore, my duties were in Miami; I contacted, sold service, made a report, and Haggerty turned the report in. He did the paper work. That is as far as I know about the paper-work end of the business.

Mr. HALLEY. Well, you noticed certain changes, didn't you, after the war?

Mr. CARROLL. Yes; very much so.

Mr. HALLEY. Just tell the committee in your own way what they were, Mr. Carroll, to the best of your ability.

Mr. CARROLL. Well, we really had to explain everything. It got very mysterious and there was a lot of things I didn't understand, but, as I said before, the less you knew in there the better you got along, and so I never asked any questions, and I stayed out of the city as much as I possibly could.

They would see me maybe Monday and Tuesday around town and the rest of the time I would do my business on my telephone at home, that was contacting people and making appointments to meet people and get the money.

Mr. HALLEY. About 1945 and 1946, in that period, did some new faces appear in the office?

Mr. CARROLL. So I was told. Truthfully, I couldn't say that. I didn't see them, but I was told there was a lot of new faces around, and there was some new faces appeared in Miami, also, which made it a little confusing down there, because I was considered local, like I say, and I didn't try to kiss my way into that.

Mr. HALLEY. Who were the new faces in Miami?

Mr. CARROLL. Well, there were Sessman—several people that I don't recall right now, came down there different times.

Mr. HALLEY. Where did they come from?

Mr. CARROLL. Chicago.

Mr. HALLEY. Where did you understand the headquarters of your entire operation to be, Cleveland?

Mr. CARROLL. Well, that is a question. Both places. I understood it was represented in Chicago and Cleveland.

Mr. HALLEY. Where did you have your contacts?

Mr. CARROLL. I didn't contact anything higher than Miami, I never went into or over that.

Mr. HALLEY. What did you consider headquarters, Cleveland or Chicago?

Mr. CARROLL. Well, the Continental—I knew the office was in Cleveland, I knew there was an office in Chicago.

Mr. HALLEY. Well, when anybody wanted to get anything or to have anything accomplished, would they go to Cleveland or Chicago?

Mr. CARROLL. I never went to either place, Mr. Halley. I went to O'Brien when I could find him.

Mr. HALLEY. What did Hamilton do when he wanted to get straightened out?

Mr. CARROLL. Well, he was in the Ohio district for a while so he was familiar with people in Chicago who I didn't even know.

Mr. HALLEY. Hamilton was a coemployee, was he not, at Miami? His full name is William Neil Hamilton?

Mr. CARROLL. That is right.

Mr. HALLEY. And he felt he wasn't getting a square deal at Miami, is that right?

Mr. CARROLL. He seemed to think so.

Mr. HALLEY. I think you said he went to see the big boss, is that right, and that was Tom Kelly in Chicago?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. Who was regarded by the people in the wire service, by you and your associates, as being the big boss?

Mr. CARROLL. Well, Kelly was supposed to be the manager of Continental. The rest of the people—we were told that. Scanlan, John Scanlan, he came down there and was introduced to everybody as the big boss.

Mr. HALLEY. In Continental?

Mr. CARROLL. Well, that was after the change.

Mr. HALLEY. Well, which change are you referring to?

Mr. CARROLL. Well, there was some kind of a deal or a consolidation of some kind. I am not familiar with it.

Mr. HALLEY. There was a time O'Brien went to work for Trans-American, wasn't there?

Mr. CARROLL. Well, I read that in the paper.

Mr. HALLEY. Well, was there any noticeable change in your operations?

Mr. CARROLL. No, sir. Our operations were just the same.

Mr. HALLEY. That was during 1947—was it not?—the early part of 1947?

Mr. CARROLL. I believe that is right.

Mr. HALLEY. And at that time whom did you regard as the boss of the operations?

Mr. CARROLL. O'Brien.

Mr. HALLEY. O'Brien?

Mr. CARROLL. In my period of service with the service, O'Brien was the only boss that I ever knew, and I never went over his head; so, therefore, these higher contacts I never had any occasion to contact them.

Mr. HALLEY. You understand, though, during that period you were no longer with Continental, but you were with Trans-American?

Mr. CARROLL. I was with O'Brien. Any move he made, I considered I was with him. I was never told any different. We did get more money at one time. I don't recall what it was. I know we got a \$50 increase, and there was no explanation; and, as I said, I never asked any questions. I was in there to do my work and get my money and stay out of sight as much as possible.

Mr. HALLEY. Was the \$50 taken away from you later on, or did that increase stay?

Mr. CARROLL. No; I was getting \$150 at the time I got through there.

Mr. HALLEY. You were raised from \$100 to \$150?

Mr. CARROLL. \$150.

Mr. HALLEY. Were all the other employes raised?

Mr. CARROLL. Well, truthfully, I did not make out the payroll. I think they were. That is only a guess. I imagine everybody was happy. I think they all got raised.

Mr. HALLEY. Well, it was pretty generally understood there was a dispute in the wire service during that period; was it not, Mr. Carroll?

Mr. CARROLL. Yes, sir; there was.

Mr. HALLEY. And a new outfit named Trans-American was competing with Continental?

Mr. CARROLL. Yes. Well, I heard rumors to that effect; yes, sir.

Mr. HALLEY. O'Brien went with Trans-American; didn't he?

Mr. CARROLL. He was supposed to, I guess.

Mr. HALLEY. Now, what were you supposed to do when that happened? Were you competing with Continental in Miami, were you supposed to be trying to get customers?

Mr. CARROLL. No; there was only the one wire in Miami.

Mr. HALLEY. So there was no problem of competition?

Mr. CARROLL. I never switched my duties, never altered them; they were always the same.

Mr. HALLEY. During this period no competing wire came along to Miami?

Mr. CARROLL. No, sir.

Mr. HALLEY. If a man had a book in Miami, and he wanted wire service—

Mr. CARROLL. I sold it to him.

Mr. HALLEY (continuing). He got it from O'Brien?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. And you were the one who had it?

Mr. CARROLL. That is right.

Mr. HALLEY. And Continental during that period just did not have an operation in Miami, then?

Mr. CARROLL. Well, to me it was all the one thing, if you can understand what I mean. I can't split it, you see, because my duties were the same at all times. I collected the money; I turned it over to the same party; I took my salary out of it, and I seen them next week, so—

Mr. HALLEY. You mean during this entire change, first to Trans-American, and then back to Continental, there was no noticeable change at the operating end?

Mr. CARROLL. Not to me; no.

Mr. HALLEY. It was just a smooth operation right through?

Mr. CARROLL. Well, I wouldn't have known it was any different, unless somebody told me.

Mr. HALLEY. Did O'Brien ever talk to you about his deal with Trans-American?

Mr. CARROLL. No, sir.

Mr. HALLEY. May I have the checks, the Florida checks, please, of Trans-American?

Now, what time did you first meet John Scanlan?

Mr. CARROLL. Well, if I remember right, it was in 1947, I believe it was.

Mr. HALLEY. 1947?

Mr. CARROLL. It could have been the summer of 1947 or the spring of 1947, or late 1946. I just can't remember exactly.

Mr. HALLEY. It was during this period when the dispute was on about the wire service, though; was it not?

Mr. CARROLL. It was either there or shortly thereafter. I can't truthfully remember just exactly when it was.

Mr. HALLEY. You were given to understand that Scanlan was the boss?

Mr. CARROLL. That is right.

Mr. HALLEY. A boss in Florida, or a boss in Continental?

Mr. CARROLL. Well, I was given to understand he was the big boss. I guess that included the territory. How much territory they had, I don't know.

Mr. HALLEY. Well, he came down from Chicago; is that right?

Mr. CARROLL. That's right.

Mr. HALLEY. He didn't stay in Miami constantly?

Mr. CARROLL. No, sir.

Mr. HALLEY. And O'Brien continued to head up the Florida wire service?

Mr. CARROLL. Yes.

Mr. HALLEY. And was your direct boss?

Mr. CARROLL. Yes.

Mr. HALLEY. So Scanlan was coming in from somewhere else; is that right?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. But you understood that he was in charge of the operation?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. Who told you that?

Mr. CARROLL. He did.

Mr. HALLEY. He did. Did you ever go around with Scanlan to visit any of your customers?

Mr. CARROLL. Yes; I took him to all the horse books in Miami that were open at that time.

Mr. HALLEY. Did he want to be taken around?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. How did that come about? What did he say to you about it?

Mr. CARROLL. Well, it was customary. They wanted to see what they had so—to check the town, so I just took him around and he visited all the horse books that were open at that time.

Mr. HALLEY. And——

Mr. CARROLL. To see whether he could get more money.

Mr. HALLEY. Did he actually make an effort to get more money from the books? Did he ever talk price?

Mr. CARROLL. No; he'd give you directions to do that.

Mr. HALLEY. In other words, he went with you to the various books around Miami?

Mr. CARROLL. That's right.

Mr. HALLEY. And then he sat down and talked to you and told you who should——

Mr. CARROLL. Well, he didn't state any particular person. He just said, "Get more money", which was always the cry, "Get more money. Get more dough," that is all. It didn't make any difference who it was or what they were paying. He still wanted more money.

Mr. HALLEY. Did you fix the rate with the various books?

Mr. CARROLL. That's right; yes, sir.

Mr. HALLEY. How did the rates with the books go; how did they vary and how did you fix them?

Mr. CARROLL. Well, I was friendly with all these boys to begin with, and when business was good I used to get a good sum and when it was bad in the summertime I used to try to go along with them. I'd help them and they'd help me.

When they were making money, they'd pay more money. When they were making less money, they'd pay less money. I tried to control it under that kind of arrangement, but——

Mr. HALLEY. And what would a book, say, in an ocean-front hotel, pay?

Mr. CARROLL. I had nothing to do with Miami Beach, Mr. Halley.

Mr. HALLEY. You were right in Miami?

Mr. CARROLL. I was just in Miami. I hadn't been on the Beach since 1938, and there were very few books open there at that time.

There was no syndicate or anything like that. There were individuals which later became the syndicate.

Mr. HALLEY. Now, during your work in Miami, what did the books pay on the average?

Mr. CARROLL. Well, from \$35 to \$250.

Mr. HALLEY. A week or a month?

Mr. CARROLL. A week.

Mr. HALLEY. A week, and how would you fix the price?

Mr. CARROLL. Well, I used to visit them quite often. I could see what kind of business they were doing. If I went in and saw a lot of people, why, naturally, it was an indication that they were doing a lot of business.

Mr. HALLEY. So, you would boost the price up?

Mr. CARROLL. That's right.

Mr. HALLEY. And——

Mr. CARROLL. If I went in and found nobody, why, they'd tell you what they wanted you to do. You'd try to do it. You had to keep them happy.

Mr. HALLEY. How many books did you have under your supervision?

Mr. CARROLL. In Miami?

Mr. HALLEY. Yes; your personal books?

Mr. CARROLL. Well, I had about 32 accounts, I believe, and those accounts—some of them had as high as 10 and 12 agents, which could have been 300, 350, 400 horse books running in that vicinity?

Mr. HALLEY. That you personally serviced?

Mr. CARROLL. Yes, sir. Well, you service about 32 accounts, but they in turn had agents who they serviced themselves. We wouldn't service the agents.

Mr. HALLEY. And how would they service the agents?

Mr. CARROLL. By telephone.

Mr. HALLEY. And did you service some of the books directly?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. The accounts you serviced generally had books themselves; did they not?

Mr. CARROLL. Oh, yes. They were the accounts and——

Mr. HALLEY. They were the big bookies?

Mr. CARROLL. Well, no; they were the customer and then they in turn would have smaller operators and—operators in garages and filling stations so they'd get a few bets. They'd call them in for percentages.

Mr. HALLEY. Did Haggerty work with you on your own books?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. He didn't have other books of his own?

Mr. CARROLL. There was another county. He had Broward County also. He lived in Broward County.

Mr. HALLEY. How many accounts did he have?

Mr. CARROLL. In Broward County? I didn't know anything about it.

Mr. HALLEY. There was also Miami Beach that you didn't know anything about?

Mr. CARROLL. Yes, under Mr. Burns' jurisdiction.

Mr. HALLEY. The three hundred-odd books were in Miami proper?

Mr. CARROLL. Right.

Mr. HALLEY. Now, Mr. Carroll, I think I would like to ask you some questions, if you don't mind, about matters which I believe you called—was it a Ralph Mills?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. Though I understand you can't actually testify to them of first-hand knowledge, the committee will accept them as things that you are telling in an effort to be helpful and cooperative rather than things that you can swear of your own knowledge happened. But I note that you told Ralph Mills that the understanding of the people working with the wire service was that Chicago and New York mobsters had gotten together regarding the wire service and had dealt themselves in as partners with McBride?

Mr. CARROLL. That was the general rumor around there.

Mr. HALLEY. That is what you people in the wire service understood?

Mr. CARROLL. Well, it was hearsay.

Mr. HALLEY. I understand that.

Mr. CARROLL. Just gossip, in other words. I couldn't take an oath because I didn't hear McBride say that or I didn't hear anybody else say that. It was the common comment as it spreads around an organization. That is the rumor that we got.

Mr. HALLEY. That the mob had taken over?

Mr. CARROLL. That is right.

Mr. HALLEY. Then in November of 1948, after the election of Fuller Warren as Governor of the State of Florida, was word passed down the line that the mob had gotten control of the State gambling?

Mr. CARROLL. Not down the line. It was passed all over Florida.

Mr. HALLEY. That is how you understood it anyhow, yourself?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. Of course, you are now talking about gossip and rumor?

Mr. CARROLL. That is what I am talking about. I haven't any actual facts. That is just hearsay.

Mr. HALLEY. Now, then, there was sort of a change in the attitude of the employees of the local wire service?

Mr. CARROLL. Very much so.

Mr. HALLEY. What kind of a change was that?

Mr. CARROLL. Well, everybody got mysterious; I don't know.

Mr. HALLEY. Talk a little louder if you can.

Mr. CARROLL. Everybody got mysterious. There seemed to be a very mysterious set-up at that time.

Mr. HALLEY. Formerly it had been a friendly atmosphere?

Mr. CARROLL. That is right; very much so.

Mr. HALLEY. And after 1946 and 1947 things changed?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. And there was a tenseness about it?

Mr. CARROLL. Yes, sir; very noticeable.

Mr. HALLEY. Can you give anything more concrete about that, Mr. Carroll? You are trying hard to be cooperative, and it is appreciated.

Mr. CARROLL. Well, as that—well, at that time I got so disgusted with things I never even used to go near that office. My duties didn't

compel me to go there. In fact, O'Brien asked me one day, he said, "Why don't you come around the office more often?" I said, "Was I taking care of my work?" He said, "Yes."

I said, "What do I have to go near the office for? When I go down there, you would think I have smallpox or something." I was considered local and pretty friendly with those boys down there, and had been for a number of years.

So I—well, they were my friends. I can't say any more than that. I got accused of being partners with everybody in the bookie business in Florida, I guess. Just trying to do business in a businesslike way.

Mr. HALLEY. You mean there was an atmosphere of distrust?

Mr. CARROLL. Yes, sir; very much so.

Mr. HALLEY. But you continued to work for the service until the wire was shut off?

Mr. CARROLL. Yes.

Mr. HALLEY. Now, then, the middle of January 1949, that is when the Hialeah track was operating, is it not?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. Was the wire service to the S. & G. cut off?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. How did that come about; do you know?

Mr. CARROLL. No; as well as I can remember, they got an order to shut it off, and they shut it off.

Mr. HALLEY. Do you know who gave the order?

Mr. CARROLL. O'Brien was the boss, the only man that had authority to give the order.

Mr. HALLEY. Did you ever hear any complaints after that from the customers? Was there a loud complaint, a lot of trouble?

Mr. CARROLL. They couldn't work, you know, shut off the wire, and that put everybody at a big disadvantage.

Mr. HALLEY. You had a lot of cause, too, yourself, is that right?

Mr. CARROLL. Yes; that is right.

Mr. HALLEY. At that time Dave Burns was in charge over on the Miami Beach side?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. That is where the shut-off was; is that right?

Mr. CARROLL. Yes, sir. Later it became the county, I believe, or it could have been the State.

Mr. HALLEY. Did Haggerty order the county shut off?

Mr. CARROLL. I don't think Haggerty had authority to order it shut off.

Mr. HALLEY. You think it was O'Brien that had it shut off?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. Now, when service was restored, that was about 10 days later?

Mr. CARROLL. Ten days or 2 weeks; yes, sir.

Mr. HALLEY. Harry Russell then emerged as a partner in S. & G.?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. Had you ever heard of Russell before?

Mr. CARROLL. Never heard of him; never seen him in my life. I haven't seen him as of today.

Mr. HALLEY. Prior to that time, you had not heard of him?

Mr. CARROLL. No, sir.

Mr. HALLEY. Shortly after the wire service was resumed, you understood that he went into S. & G.?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. Did you understand that there was any connection between the resumption of the wire service and Russell's going into S. & G.?

Mr. CARROLL. That is when I got through with the wire service, so anything that happened after that time, I don't know from nothing. That was the cause of my dismissal.

I was supposed to have furnished S. & G. with the news when they were shut off, which later has been proven they were going to New Orleans or any other place they could go to, they could go to any city in the country and get it, but that was the reason for my dismissal. It was the orders I got, and it has never been clarified any different since then.

Mr. HALLEY. They claimed you were doing it for Raymond Craig?

Mr. CARROLL. Doing it for S. & G.

Mr. HALLEY. But through him?

Mr. CARROLL. I don't know who they accused me through. It was ridiculous. I passed it, you know; didn't pay any attention to it.

Mr. HALLEY. As a result of the charges that you were furnishing the service to S. & G., you were dismissed?

Mr. CARROLL. That is right.

Mr. HALLEY. And were you told why you were dismissed?

Mr. CARROLL. Yes.

Mr. HALLEY. Who told you why?

Mr. CARROLL. Haggerty.

Mr. HALLEY. What did he say?

Mr. CARROLL. He came to me and said, "I got a message from O'Brien. He said you furnished the S. & G. news while they were shut off, so he don't think he can trust you any more."

I said, "Why doesn't he tell me that?" He said, "He said I should tell you."

I called up the Dade County News to talk to O'Brien. They told me, "Just a minute." When he asked who it was, I said, "Leo Carroll." He said, "Tell him I am not here."

After that I didn't bother with him. I have seen him one time since then at the airport. He couldn't look at me or face me. That is the only time I have seen him in 2 years.

Mr. HALLEY. This man Scanlan, how often did he come down to Miami?

Mr. CARROLL. I seen him twice.

Mr. HALLEY. On both occasions, did he go around to the books with you?

Mr. CARROLL. Just the one time.

Mr. HALLEY. Just the one time?

Mr. CARROLL. Yes, sir.

Mr. HALLEY. Would you look at these checks, Trans-American News Service, signed by W. G. O'Brien, and state whether you recognize the signature?

Mr. CARROLL. Well, that would be hard for me to do, Mr. Halley. Truthfully, I couldn't do that. I have seen his signature.

Mr. HALLEY. Well, just whether it looks like it or not.

Mr. CARROLL. That could be, but, truthfully, I wouldn't want to say so. It doesn't look it to me. He is not so good. It doesn't look like it.

The CHAIRMAN. Let's see it.

Mr. CARROLL. It doesn't look it.

Mr. HALLEY. He is not as good a penman?

Mr. CARROLL. I don't think so.

Mr. HALLEY. That is his name, William G. O'Brien?

Mr. CARROLL. Yes.

Mr. HALLEY. Do you know where he banked?

Mr. CARROLL. No; I don't, sir.

Mr. HALLEY. Did he bank at the First National Bank?

Mr. CARROLL. Yes; he did.

Mr. HALLEY. Miami; is that right?

Mr. CARROLL. Yes; First Avenue there.

Mr. HALLEY. But you say you are not too familiar with his signature one way or the other?

Mr. CARROLL. No. I have seen it. I wouldn't want to say that is or isn't. I couldn't truthfully do that. I have seen his signature, but as I remember it it wasn't too hot.

Mr. HALLEY. That is all. Thank you very much. That is all.

Mr. CARROLL. Can I return to Miami?

The CHAIRMAN. Does Mr. Robinson want to ask any questions?

Mr. CARROLL. Well——

The CHAIRMAN. Where did you come from originally?

Mr. CARROLL. Syracuse, N. Y.

The CHAIRMAN. Syracuse, N. Y.?

Mr. CARROLL. Yes, sir.

The CHAIRMAN. I thought you said you came from Detroit or went back to Detroit?

Mr. CARROLL. I had been to Detroit. I worked in Detroit for a number of years. I was born in Syracuse, N. Y. I went to Detroit about 1914, if I remember right. And I was there until I got to Miami. When I came out of Miami, I went back to Detroit. In 1928 I went to Florida.

The CHAIRMAN. I didn't understand you. When would Mr. O'Brien use O'Brien, and when would he use Walter Keogh as a name?

Mr. CARROLL. He used O'Brien as little as possible. Down there he was known as Keogh.

The CHAIRMAN. Around Florida he was known as Keogh?

Mr. CARROLL. Yes, sir.

The CHAIRMAN. Why would he use O'Brien as little as possible?

Mr. CARROLL. I don't know.

The CHAIRMAN. What did you call him, O'Brien, or did you call him Keogh?

Mr. CARROLL. Well, I used to call him Keogh or Walter. He would want us to address him as Walter.

The CHAIRMAN. Did you know why he used two names?

Mr. CARROLL. No, sir; I never did.

The CHAIRMAN. Do you think that you and your customers and their distributors were probably 300?

Mr. CARROLL. Yes.

The CHAIRMAN. Do you mean you had about 300 phones tied up?

Mr. CARROLL. Well, I don't think you really understand what I mean, Senator. You see, for instance, here is a customer; you would give it to him. Now, he's got maybe six or eight other agents that he calls in business, the one phone that he has, and it could be a gas station, it could be a bar, it could be a restaurant, it could be a laundry. That is what is referred to as an agent in Miami, an agent that serves him. He don't have to have a phone for each one of those guys.

The CHAIRMAN. I know, but each one on the other end has to have a phone to call in on.

Mr. CARROLL. Yes, sir. Some use pay stations.

The CHAIRMAN. So it starts at a central point in Miami and then goes out to some—how many customers did you service, 40-odd?

Mr. CARROLL. About 32 or 34.

The CHAIRMAN. Then each one of those 32 or 34, or most of them, had their own customers out in the network?

Mr. CARROLL. That is right.

The CHAIRMAN. That is all, Mr. Carroll. Thank you.

Mr. HALLEY. Thank you, Mr. Carroll.

Do you have any questions?

Mr. ROBINSON. No.

Mr. CARROLL. Can I go?

The CHAIRMAN. You can go back to Miami. If we need you again, we will let you know. Thank you.

(Witness excused.)

Mr. HALLEY. Mr. Charles Friedman, please.

The CHAIRMAN. Do you solemnly swear that you will tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FRIEDMAN. I do.

TESTIMONY OF CHARLES FRIEDMAN, MIAMI BEACH, FLA., ACCOMPANIED BY BEN COHEN, ATTORNEY, MIAMI BEACH, FLA.

The CHAIRMAN. Let the record show that Mr. Ben Cohen, of Miami Beach, is appearing with Mr. Friedman.

Mr. HALLEY. What is your full name, Mr. Friedman?

Mr. FRIEDMAN. Charlie Friedman.

Mr. HALLEY. Your address, please?

Mr. FRIEDMAN. Miami Beach, Fla.

Mr. HALLEY. What is your business?

Mr. FRIEDMAN. My business? I am not doing nothing now.

Mr. HALLEY. You were formerly a partner in the S & G Syndicate?

Mr. FRIEDMAN. Yes.

Mr. HALLEY. Who were your other partners in January of 1950?

Mr. FRIEDMAN. Jules Levitt, Harold Salvey, Eddie Rosenbaum, Harry Russell, in 1950.

Mr. HALLEY. That is all?

Mr. FRIEDMAN. You got one more. Cohen, Sam Cohen.

Mr. COHEN. Mr. Halley, may I interrupt for just a second, for brevity. He has read all of the testimony that was given at the previous hearings. It is not that I am trying to suggest how to conduct the hearing, but you may be able to accomplish a lot more if you know that he has read it and you can go on that premise.

Mr. HALLEY. Thank you. I had, in fact, been assuming that and wanted to get right to the matters concerning the wire service, and we can do that. I hope he is able to testify about it.

Just for the record, are you now under indictment in Miami?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. For operating a gambling establishment, is that right?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. That has not yet come to trial?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. We had a lot of trouble getting service on you, Mr. Friedman. Would you care to make some explanation why it took the committee so long to serve you?

Mr. FRIEDMAN. I just didn't want to be embarrassed coming up in front of you people.

Mr. HALLEY. So you ducked, is that right?

Mr. FRIEDMAN. I just——

The CHAIRMAN. Where did you go to, Mr. Friedman? We got down to Miami and we couldn't find out anywhere.

Mr. FRIEDMAN. That is right, sir.

The CHAIRMAN. Where did you get to?

Mr. FRIEDMAN. I went down to the Keys. I have a family down there. I didn't want to get embarrassed because I thought this was strictly a show and I think my reputation is as good as any gentleman in the house here, and I didn't want to get embarrassed.

The CHAIRMAN. You still think it is strictly a show?

Mr. FRIEDMAN. With all these moving picture guys and the newspaper guys around here, I think it is.

The CHAIRMAN. Where were you when we had our closed hearings?

Mr. FRIEDMAN. Closed hearings?

The CHAIRMAN. There were no cameras in the room at all.

Mr. FRIEDMAN. I think every hearing I was home.

Mr. COHEN. He was in Florida.

Mr. FRIEDMAN. I was down the Keys, or something like that.

The CHAIRMAN. Anyway, you are the last one of the witnesses we did not get service of a subpoena on, so we are glad to have you before us.

Mr. FRIEDMAN. All right.

Mr. HALLEY. What was the division of work in the S. & G. Syndicate? What, for instance, was your job?

Mr. FRIEDMAN. Most of the boys come to see me, and asked me about locations, and asked me what it was worth, because I originally had it and he asked me the value of it, and I told him.

Mr. HALLEY. You were an inside man for the syndicate? You worked in the office?

Mr. FRIEDMAN. I don't know whether you would call it inside or outside, because I had a bar, and I have been down there over 20 years, and most of the fellows come down there. I originally had it myself, and they come down, and when I would go to a hotel, they used to ask me two or three times as much.

Mr. HALLEY. You had been a bookmaker in Miami Beach, is that right?

Mr. FRIEDMAN. Many years ago.

Mr. HALLEY. For how many years were you a bookmaker?

Mr. FRIEDMAN. Fifteen or twenty years ago.

Mr. HALLEY. What did you do after that? What did you do, say, 10 years ago?

Mr. FRIEDMAN. I financed concessionaires.

Mr. HALLEY. You mean bookmakers?

Mr. FRIEDMAN. If you call it that.

Mr. HALLEY. I just—what do you call it?

Mr. FRIEDMAN. I just said if you call it that.

Mr. HALLEY. Well, what do you call it?

Mr. FRIEDMAN. They are bookmakers.

Mr. HALLEY. They are bookmakers?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. And when you say you financed them, what do you mean?

Mr. FRIEDMAN. I loaned some of them money.

Mr. HALLEY. You backed them, in other words?

Mr. FRIEDMAN. That is right.

Mr. HALLEY. And you had a share of the profit of the book in return?

Mr. FRIEDMAN. That is right: yes.

Mr. HALLEY. And prior to the formation of the S. & G. you and several of your other associates had groups of books that you handled on the basis you just described, is that right?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. And then you decided to get together and form one big syndicate, is that correct?

Mr. FRIEDMAN. Well, you are going a way back. It was piece by piece, as we went along; you know what I mean.

Mr. HALLEY. Who were the original people who got together?

Mr. FRIEDMAN. Jules Levitt and myself.

Mr. HALLEY. And then who joined next?

Mr. FRIEDMAN. Harold Salvey and Billie Maier.

Mr. HALLEY. And then Maier finally went out, did he not?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. Who took his place?

Mr. FRIEDMAN. Eddie Rosenbaum and Sam Cohen.

Mr. HALLEY. And that is where you stood, say, as of January 1949, before Harry Russell came in?

Mr. FRIEDMAN. I think it was some time in February or March; I am not sure.

Mr. HALLEY. But as of January you had those five partners, did you not?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. Now, having read the testimony about the operations of the S & G Syndicate, are you in accord with your partners who stated how the syndicate operated, and in accord with the statement that Mr. Ben Cohen, your attorney, made about the operations of the syndicate?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. You, in effect, financed various bookies and in conclusion you had a share of the profits from the books, is that right?

Mr. FRIEDMAN. That is right.

Mr. HALLEY. And you supervised the operations of the books daily, is that right?

Mr. FRIEDMAN. Yes.

Mr. HALLEY. Who handled the wire service for the S. & G. Syndicate?

Mr. FRIEDMAN. I practically handled most of it, I think.

Mr. HALLEY. Who did you deal with?

Mr. FRIEDMAN. Dave Burns.

Mr. HALLEY. And he worked for what outfit?

Mr. FRIEDMAN. I couldn't tell you what outfit. I heard so many different names.

Mr. HALLEY. What names did you hear?

Mr. FRIEDMAN. I have heard Continental and New York Service, Pioneer Service—lots of other names that I couldn't very well remember.

Mr. HALLEY. Did you ever hear of Intra-State News?

Mr. FRIEDMAN. Yes.

Mr. HALLEY. Did you ever hear of the Dade County News?

Mr. FRIEDMAN. Dade County News, so far as I know, is a distributor of scratch sheets, forms, newspapers and magazines. That is all I know.

Mr. HALLEY. Well, as you know, every wire service is tied up with a scratch sheet. That is the system, isn't it?

Mr. FRIEDMAN. No, I don't.

Mr. HALLEY. Well, that is the system. In any event, you did hear of Intra-State News?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. And did you do business with Intra-State News?

Mr. FRIEDMAN. I done business with Dave Burns. The check was made out, I think, to Intra-State News or something like that.

Mr. HALLEY. That is right. He was the representative of Intra-State News, isn't that right?

Mr. FRIEDMAN. I presume he was if the check was made out Intra-State. He must have been.

Mr. HALLEY. What did S. & G. pay for its wire service?

Mr. FRIEDMAN. It varied at different times.

Mr. HALLEY. Was the service furnished to S. & G. as such or to each of the different books individually?

Mr. FRIEDMAN. It was served to us or anybody that wanted to buy service could buy it from Dave Burns, down in Miami Beach.

Mr. HALLEY. I am talking about your books.

Mr. FRIEDMAN. It was served to us—

Mr. HALLEY. The S. & G. books.

Mr. FRIEDMAN. It was served to us.

Mr. HALLEY. You paid for service to all the books?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. Now, how did the service come in as a physical proposition?

Mr. FRIEDMAN. It came in on a Western Union wire.

Mr. HALLEY. To what spot? Did it come to a central point from which you would give it to the books or did it go direct to the books?

Mr. FRIEDMAN. It worked in different ways. It would come in on the Western Union wire. We might have relayed it. There might have been a few Western Union wires. We relayed it from one office or to accounts by telephone.

Mr. HALLEY. And did any of the books have a direct Western Union wire?

Mr. FRIEDMAN. I wouldn't think so.

Mr. HALLEY. The only Western Union wire came into your office?

Mr. FRIEDMAN. In various offices, I think it did; yes.

Mr. HALLEY. What offices did you have there? How many did you have?

Mr. FRIEDMAN. We kept moving—

Mr. COHEN. Mr. Halley—just a second. Charlie—it isn't that I care to interpose an objection, but we are laboring under indictment in Florida for the various offices. They named the offices. I know that is not grounds for immunity here to refuse to answer, but I am asking you gentlemen—

The CHAIRMAN. I think it is sufficiently brought out in the record otherwise.

Mr. HALLEY. I agree, Mr. Chairman. There is no need to go into those details.

In any event, it came in or you got it from the wire service and then you would give it to the accounts?

Mr. FRIEDMAN. That's right.

Mr. HALLEY. By phone?

Mr. FRIEDMAN. That's right.

Mr. HALLEY. Now, there came a time when the wire service was cut off, is that right?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. In 1949?

Mr. FRIEDMAN. That's right.

Mr. HALLEY. Do you know the date?

Mr. FRIEDMAN. It was some time in February. What date it was I—

Mr. HALLEY. Now, according to Western Union the service from Intra-State News was cut off from 13 drops at Miami Beach on February 28, 1949. Do you have any information with regard to that?

Mr. FRIEDMAN. I have tried to check what days the service was cut off, but according to the information in that book you have in front of you, and according to the newspapers there seemed to be some trouble on dates. Sometimes they got February 20, other times they got it February 28.

Mr. HALLEY. Well, the Western Union has—

Mr. FRIEDMAN. I really don't know. You can take it from the books and I will agree that there are three different mistakes there. There is something wrong there somewhere, I don't know.

Mr. HALLEY. The Western Union has given us this specific information, and let me ask you if it is correct to the best of your recollection. You may bear in mind that during the previous hearings we didn't have these specific dates from Western Union. We were relying on people's memories.

Now, on the basis of your memory, would this be right? First of all, was 1540 Washington Avenue an S. & G. outlet?

Mr. FRIEDMAN. I think it was.

The CHAIRMAN. I think, Mr. Halley, that Western Union says the fourteenth—

Mr. HALLEY. No; they say it is the 28th of February, 1949.

The CHAIRMAN. Yes; the fourteenth is when it went back on. Let's let that go.

Mr. HALLEY. Without specifically identifying them for the record, would you simply state whether or not any of the locations listed on the sheet now before you were not S. & G. locations?

Mr. FRIEDMAN. Yes; quite a few that are not our locations.

Mr. HALLEY. Were there any that were your locations?

Mr. FRIEDMAN. Yes.

Mr. HALLEY. As of the 28th of February 1949 was S. & G. getting any wire service whatsoever from Intra-State News after thus cut off?

Mr. FRIEDMAN. Our books will show when we operated, when we were getting service there. I couldn't tell you.

Mr. HALLEY. Assuming the date on your books will show a date, was there a date on which the wire service was cut off from Miami?

Mr. FRIEDMAN. That would be hard to tell because we were getting service some other way, so I couldn't tell you exactly the dates.

Mr. HALLEY. Mr. Friedman, the committee here has been trying to show you the consideration of not asking questions which are certainly proper questions but which might embarrass you unnecessarily in your proceedings elsewhere.

I am going to ask you to answer the general questions frankly, because if you don't, then the only way I can get the answers is to go into the specific to prove it the hard way.

Now, the service was cut off for S. & G., wasn't it?

Mr. FRIEDMAN. It wasn't cut off for the S. & G. as far as I know. The whole State was cut off.

Mr. HALLEY. First they cut off Miami Beach?

Mr. FRIEDMAN. I couldn't say as to that.

Mr. HALLEY. That is a fact.

Mr. FRIEDMAN. I don't know that.

Mr. HALLEY. I will tell you that, then.

Mr. FRIEDMAN. All right, you tell me. I will listen.

Mr. HALLEY. In any event, you can talk for S. & G.?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. It was cut off for S. & G.?

Mr. FRIEDMAN. I couldn't tell you if it was cut off for S. & G. It was the whole State.

Mr. HALLEY. I am not asking about the State.

Mr. Cohen, you are not under oath before this committee. Let's get the man's answer.

Mr. COHEN. It was cut off for S. & G., they did not have it, so answer him that way.

Mr. HALLEY. Answer me that way, the counsel told you to answer me.

Mr. FRIEDMAN. Service was cut off for S. & G. as well as others.

Mr. HALLEY. And then you began to try to get other service one way or another?

Mr. FRIEDMAN. That is right.

Mr. HALLEY. Where did you get some other service?

Mr. FRIEDMAN. We got it out of town.

Mr. HALLEY. Where from?

Mr. FRIEDMAN. New Orleans.

Mr. HALLEY. In the meantime, you made efforts to get your service back from Burns at Intra-State News, didn't you?

Mr. FRIEDMAN. That is right; yes, sir.

Mr. HALLEY. Did you talk to Burns?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. Did you ask him why the service was cut off?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. What did he say?

Mr. FRIEDMAN. He said I can't tell you why the wire is cut off, but when it gets on I will get in touch with you.

Mr. HALLEY. Did you make any efforts to get to see Burns' boss?

Mr. FRIEDMAN. I have always dealt with Dave Burns. That is the only one I ever talked to about service.

Mr. HALLEY. Did you know Butsy O'Brien?

Mr. FRIEDMAN. I have seen him around, yes, sir.

Mr. HALLEY. Do you know him?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. Never talked to him?

Mr. FRIEDMAN. I don't think I have ever talked to him.

Mr. HALLEY. Never talked to O'Brien in your life?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. Maybe you know him by the name of Walter Keogh?

Mr. FRIEDMAN. I have heard that name.

Mr. HALLEY. Did you ever talk to Walter Keogh in your life?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. You mean to say you sat there and made no effort to see Burns' boss to try to get your wire service restored?

Mr. FRIEDMAN. I have seen Dave Burns, but I didn't see Keogh or Butsy O'Brien.

Mr. HALLEY. Did you try to contact anyone else to get your wire service restored?

Mr. FRIEDMAN. The only one I talked to was Dave Burns.

Mr. HALLEY. Did you talk to William H. Johnston?

Mr. FRIEDMAN. I don't know who you are referring to.

Mr. HALLEY. You don't know William H. Johnston?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. Do you know John Rush?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. You don't know him at all?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. And you talked to nobody except Dave Burns, the salesman?

Mr. FRIEDMAN. That is right.

Mr. HALLEY. Did you attempt to call Continental in Chicago?

Mr. FRIEDMAN. I didn't know Continental. Like I told you, I hear so many names and the only one I done business with was Dave Burns. We were down in Florida and I don't know anybody in Chicago, Kansas City, Los Angeles, or anywhere.

Mr. HALLEY. You are playing very innocent——

Mr. FRIEDMAN. No, I am not.

Mr. HALLEY. It is not doing you the least bit of good.

Mr. FRIEDMAN. Let's get this right, Halley. I am not playing innocent. You are picking on a fellow that has never been out of Miami

Beach, Fla., much. You mention Continent—if you are going to confuse me, we are not going to get along.

Mr. COHEN. He is not confusing you.

Mr. FRIEDMAN. Yes, he is, Bennie. I don't know Continental.

The CHAIRMAN. Let's have the questions and answer them the best you can.

Mr. HALLEY. You had a very big business in Miami Beach, the S. & G. Syndicate did, didn't they?

Mr. FRIEDMAN. We had a reputation.

Mr. HALLEY. And you made a lot of money. The year before this cut-off in 1948, you made a lot of money, didn't you?

The CHAIRMAN. Let's not go into that now.

Mr. HALLEY. We won't go into the specific amount but you made a lot of money; it was profitable.

Mr. COHEN. Yes, it was profitable.

Mr. FRIEDMAN. Not what the papers wrote up. Bennie, what is the use? I have never been a millionaire.

Mr. HALLEY. You had several hundred customers on your books, did you not?

Mr. FRIEDMAN. At different times.

Mr. HALLEY. And it was something worth protecting. You didn't want to lose it overnight because somebody shut off your wire service with no explanation, did you?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. You don't look like the sort of man that would take that lying down.

Mr. FRIEDMAN. I don't know what you mean by that.

Mr. HALLEY. What did you do about it when this fellow Burns, a mere salesman—

Mr. FRIEDMAN. I seen Burns on the street numerous times and talked to him about it. He says when it gets on, I will get in touch with you. The newspapers was full of it. There were different rumors around. I got in touch with Dave two or three times a day. I seen him on the street. I said, "Dave, when is it going to get on?" He said, "When it comes on I will be in touch with you." That is all there was.

Mr. HALLEY. Did you ever hear of Howard Sports News?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. They are located in Baltimore; your wire service comes from them.

Mr. FRIEDMAN. I never heard of them.

Mr. HALLEY. You never heard of them in your life?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. You made no attempts to contact Howard Sports News?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. Then it is your testimony that you simply talked to the salesman for Intra-State and never talked to his boss, O'Brien?

Mr. FRIEDMAN. That is right.

Mr. HALLEY. You never talked to anyone else working for Intra-State News Co., is that right?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. You didn't in other words?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. You never talked to anybody with Howard Sports News about getting your wire service renewed?

Mr. FRIEDMAN. I don't know who Howard Sports News is.

Mr. HALLEY. And did you talk to anybody in Continental News Service about getting your service resumed?

Mr. FRIEDMAN. I don't know anybody in Continental, sir.

Mr. HALLEY. Just reply to the question, did you talk to anybody?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. Did you attempt to telephone Chicago about getting your wire service resumed?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. Do you know Harry Russell?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. When did he become a partner of yours?

Mr. FRIEDMAN. Sometime in February or March, I just don't know when.

Mr. HALLEY. Of 1949?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. It was right after your wire service was resumed, wasn't it?

Mr. COHEN, your record so shows, does it not?

Mr. COHEN. My understanding was——

Mr. FRIEDMAN. After the service come on he became our partner.

Mr. HALLEY. About 5 or 6 weeks later?

Mr. COHEN. The service came on and then Mr. Russell became a partner.

Mr. HALLEY. That is right.

Mr. FRIEDMAN. Mr. Russell becoming a partner was after the service was restored.

Mr. HALLEY. That is right.

Did you ever talk to Mr. Russell about the wire service, Mr. Friedman?

Mr. FRIEDMAN. No, sir. No, sir.

Mr. HALLEY. Were you present during any discussions about Mr. Russell's becoming a partner in S. & G. Syndicate?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. Would you state when such discussion took place?

Mr. FRIEDMAN. The first thing about that was Jules Levitt came to me and asked me about it, and I say, "Boy, that's the best news I have heard." Going on back to some time ago, I done a lot of work and I was tired of it and we were going to have another partner, let someone else take some of the grief.

Mr. HALLEY. That is news to me. All of your other partners have testified that you were five local boys and you didn't want any outsiders, particularly from Chicago. Are you sure you are not lying?

Mr. FRIEDMAN. I am telling you the truth and nothing but the truth, so help me God.

Mr. HALLEY. You welcomed Harry Russell in?

Mr. FRIEDMAN. That is right.

Mr. HALLEY. Well, did you have to fight with your other partners about it?

Mr. FRIEDMAN. I have just said that Jules Levitt come to me about it, what do I think of it, and I says, "So long as he knows some of them owners, let him go around and break his head."

Mr. HALLEY. What owners did he know?

Mr. FRIEDMAN. Quite a few hotels on Miami Beach from Chicago or connected some way from Chicago.

Mr. HALLEY. He knew the people who were financed by Chicago money, is that right; those were his contacts?

Mr. FRIEDMAN. I think so.

Mr. HALLEY. And he threatened to take the Chicago business away from you?

Mr. FRIEDMAN. He was contacting the hotels.

Mr. HALLEY. That had Chicago connections?

Mr. FRIEDMAN. That is right.

Mr. HALLEY. About what time was it in 1949 that Jules Levitt first came to you on that?

Mr. FRIEDMAN. Either February or March.

Mr. HALLEY. It was before the wire service cut-off, wasn't it?

Mr. FRIEDMAN. I think so.

Mr. HALLEY. Of course it was.

Mr. FRIEDMAN. I am not—you got me.

Mr. HALLEY. Sometime in February, and a man named Crosby was appointed a special investigator by the Governor of Florida, isn't that correct?

Mr. FRIEDMAN. I have heard about that.

Mr. HALLEY. And he came and raided some of the concessions of the S. & G. Syndicate, isn't that so?

Mr. FRIEDMAN. I think so.

Mr. HALLEY. And was causing you a lot of trouble, wasn't he?

Mr. FRIEDMAN. That is right.

Mr. HALLEY. Then at the end of February the wire service was shut off?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. Did you ever put all of those things together as things that you might attribute to Russell and the Chicago friends he had?

Mr. FRIEDMAN. The service went down at different times.

Mr. COHEN. Answer his question, Charlie.

Mr. FRIEDMAN. Let me hear that question again.

Mr. HALLEY. Will you read the question, please?

(Question read.)

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. Did any of your partners oppose the idea of Russell's becoming a member of the S. & G.?

Mr. FRIEDMAN. The only one that talked to me about that was Jules Levitt.

Mr. HALLEY. You never talked to anyone else?

Mr. FRIEDMAN. Except when we had the meeting.

Mr. HALLEY. What meeting?

Mr. FRIEDMAN. When Harry Russell come up to talk with us about coming in.

Mr. HALLEY. And when was that?

Mr. FRIEDMAN. February or March, now I just don't know.

Mr. HALLEY. Before or after the wire service was cut off?

Mr. FRIEDMAN. It might have been when the service was resumed.

Mr. HALLEY. After the service was resumed?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. That was a very friendly meeting?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. And it was all settled to have Russell come in without any friction?

Mr. FRIEDMAN. That is right.

Mr. HALLEY. Do you know Tony Accardo?

Mr. FRIEDMAN. I never heard the name until when this thing started; never heard of that name.

Mr. HALLEY. Well, you know the S. & G. bought a yacht in 1949?

Mr. FRIEDMAN. I heard something about it.

Mr. HALLEY. The *Clara Jo*?

Mr. FRIEDMAN. I heard about the boat. I am not a fisherman, and I told them I didn't want no damn boat. I didn't know until this thing came out, until the title came in who the boat belonged to.

Mr. HALLEY. Who proposed buying the boat?

Mr. FRIEDMAN. Eddie Rosenbaum.

Mr. HALLEY. Did you ever talk to Russell about it?

Mr. FRIEDMAN. No, I never talked to Russell about it.

Mr. HALLEY. Were you and Russell friendly after he came in?

Mr. FRIEDMAN. Friendly? He was my partner.

Mr. HALLEY. Did you ever go to his house as a visitor?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. How often?

Mr. FRIEDMAN. About once or twice; twice at the most.

Mr. HALLEY. Did he ever come to your house?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. Did you ever go out on the boat, the *Clara Jo*?

Mr. FRIEDMAN. I was out about two times.

Mr. HALLEY. What did Russell pay for his interest in the S. & G.?

Mr. FRIEDMAN. We all put up a bank roll. He didn't pay anything to come in, I guess.

Mr. HALLEY. He just came in?

Mr. FRIEDMAN. He paid \$20,000.

Mr. HALLEY. That was his part of the bank roll?

Mr. FRIEDMAN. That is right, put up a bank roll of \$20,000.

Mr. HALLEY. That was your operating capital, day to day operation?

Mr. FRIEDMAN. Yes, sir.

Mr. HALLEY. And he was brought in, then, because of his contacts, would you say?

Mr. FRIEDMAN. That is right.

Mr. HALLEY. Now, bearing in mind that you are under oath, did you ever have a discussion with anybody concerning whether or not the wire service cut-off had anything to do with Harry Russell's desire to become a partner of S. & G.?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. And I will place the question during the year 1949.

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. You had no such conversation?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. In your opinion, was not the wire service cut off to put pressure on S. & G. for something, no matter what it was?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. Why was it cut off, in your opinion?

Mr. FRIEDMAN. At different times it was cut off during the year. It was one of them things. It got cut off then. We have had service off at different times.

Mr. HALLEY. During the middle of the season for as much as 14 days?

Mr. FRIEDMAN. Not as long as that. It might have been a week.

Mr. HALLEY. Steadily in the middle of the season?

Mr. FRIEDMAN. I think so.

Mr. HALLEY. Ever without its being the result of the heat being on politically?

(No answer.)

Mr. HALLEY. When it was shut off you generally knew why, didn't you; that the heat was on somewhere?

Mr. FRIEDMAN. I have asked the service guy, but they never give you no answer why it was shut off.

Mr. HALLEY. You were in charge of the wire service——

Mr. FRIEDMAN. That is right.

Mr. HALLEY. For S. & G.?

Mr. FRIEDMAN. That is right.

Mr. HALLEY. And S. & G. was a pretty important outfit?

Mr. FRIEDMAN. I just said I asked Dave Burns and they would just slough you off, and I know better than to keep pushing them. They wouldn't tell me why it is off or on.

Mr. HALLEY. You made no effort to find out?

Mr. FRIEDMAN. I am not in the service business; I was buying service.

Mr. HALLEY. But you did take the trouble to work out service from New Orleans?

Mr. FRIEDMAN. Yes. We got winners—tickers.

Mr. HALLEY. Did you ever talk to Raymond Craig of Miami about getting service restored?

Mr. FRIEDMAN. No, sir.

Mr. HALLEY. If he told me that he had a conference with you and agreed to give you wire service, would he be lying?

Mr. FRIEDMAN. Positively he would be lying. He would be worse than that, if he said he ever talked with me about service.

Mr. HALLEY. If he said that was why the wire service was subsequently cut off in Miami, because they suspected he was giving it to you, would that be wrong?

Mr. FRIEDMAN. If he said he give me service, he is perjuring himself. I met the man once. I don't even know, I don't think I would know him if he was sitting right here.

Mr. HALLEY. If he says it was part of a deal in which you agreed to support his bill for legalized gambling, would that be wrong?

Mr. FRIEDMAN. He would be a liar.

Mr. HALLEY. You did thereafter hire John Rush to work on the legalized gambling bill, didn't you?

Mr. FRIEDMAN. That is right.

Mr. HALLEY. You paid him a fee of \$10,000?

Mr. FRIEDMAN. That is right.

Mr. HALLEY. Within a month after your wire service was cut off?

Mr. FRIEDMAN. That is right.

Mr. HALLEY. I have no other questions, Mr. Chairman.

The CHAIRMAN. Who negotiated for the purchase of the *Clara Jo*? I think the other witnesses said you negotiated with Mr. Accardo or somebody.

Mr. FRIEDMAN. No. So far as I know, Eddie Rosenbaum went down to the dock to buy a boat. Eddie was a boat man. I didn't want to spend no \$20,000 for a boat.

The CHAIRMAN. Well, Mr. Rosenbaum—

Mr. FRIEDMAN. It happens to be a funny coincidence that the boat cost \$20,000, and Mr. Russell put up \$20,000. That is the only thing that has got to do with the boat, believe me.

The CHAIRMAN. Also there is a likelihood that Mr. Accardo was backing Harry Russell on his investment. That is the other unusual angle.

Mr. FRIEDMAN. The boat was worth \$20,000.

The CHAIRMAN. You paid \$20,000 for the boat, and Mr. Russell put up \$20,000, and you bought the boat right after Mr. Russell came in, didn't you?

Mr. FRIEDMAN. Sometime after. I just don't know when we bought it. The bill of sale will show that.

The CHAIRMAN. Did you attach any significance to the fact that this fellow Crosby, when he started these raids in January of 1949, was only raiding your places and was not raiding other places on Miami Beach?

Mr. FRIEDMAN. I am not sure if he raided any other places but ours alone. I couldn't very well say that right offhand.

The CHAIRMAN. I think the testimony fairly—fully shows that, and Mr. Cohen—

Mr. COHEN. Yes, it does.

The CHAIRMAN. Mr. Cohen, your lawyer, was able to keep up with who got raided.

Mr. COHEN. I might explain he never could raid a place. He had no authority to make an arrest, but he would take the deputy sheriff to the places he wanted arrested. He did raid some places or go with them in Miami.

The CHAIRMAN. I mean, he was there and inspired the raid?

Mr. COHEN. He seemed to concentrate on Miami Beach.

The CHAIRMAN. And your place is on Miami, I mean your client's place is on Miami Beach?

Mr. COHEN. Yes; that is true.

The CHAIRMAN. What did you think when you found out that Mr. Russell was the one who was telling him where to raid, Mr. Friedman?

Mr. FRIEDMAN. I didn't know whether to believe it or not.

The CHAIRMAN. What do you think about that? Why would you think Mr. Russell would be having Crosby raid just your places on Miami Beach?

Mr. FRIEDMAN. I think there were some places raided in Miami also, Senator.

The CHAIRMAN. I know, but I am talking about Miami Beach. There are some places there that are not in your service and yet—

Mr. FRIEDMAN. I still have a doubt.

The CHAIRMAN. The evidence is, and Crosby admits it himself, that he would see Russell—how they got together is rather strange to understand—but that Russell would suggest to him the places to raid and they all turned out to be your places and nobody else's places.

Mr. FRIEDMAN. It was a doubt in my mind, Senator, about that. That is my belief.

The CHAIRMAN. Well, anyway, assuming that is true, what do you think of it? Why would Russell be wanting Crosby to raid your places and not the other places on Miami Beach?

Mr. FRIEDMAN. There is still a doubt in my mind, and you have asked me what I think about it. I just don't think it is right for anybody to do anything like that.

The CHAIRMAN. You think it is pretty bad?

Mr. FRIEDMAN. That is right.

The CHAIRMAN. Well, what do you think about the fact that that happened just before he proposed becoming a partner of yours? It looked like he wanted to put you out of business or enjoy the fruits of your business, one or the other, didn't it?

Mr. FRIEDMAN. Well, sir, since Mr. Russell has been in that business we haven't been successful. We are out of business and never did no good since Mr. Russell has been with us.

The CHAIRMAN. Well, that is because of other things that have happened since that time and—

Mr. FRIEDMAN. No, since he has been with us.

The CHAIRMAN. Well, what I mean is—

Mr. FRIEDMAN. Since he has been with us.

The CHAIRMAN. Other things have occurred since he has been with you, too, haven't they?

Mr. FRIEDMAN. Yes; we got indicted. We didn't do any good.

The CHAIRMAN. But you did awfully well before you got indicted, back in 1948? You did rather well during that season, 1947, 1948, 1946?

Mr. FRIEDMAN. I don't think we done so good in 1948.

The CHAIRMAN. Speak with your counsel about how much you made in 1948, and then—

Mr. COHEN. They did all right, Senator.

Mr. FRIEDMAN. Well, what the newspapers said—you wouldn't call that a lot of money, would you?

The CHAIRMAN. I'd call that a lot of money.

Mr. FRIEDMAN. The newspapers said we made millions.

The CHAIRMAN. Well, I think your counsel would agree that you did pretty well until—

Mr. FRIEDMAN. O. K.

The CHAIRMAN (continuing). Until Russell came in, and after that time you got indicted and investigated and into a good deal of trouble.

Mr. COHEN. And made no money.

The CHAIRMAN. And made no money.

I believe that is all. Thank you.

Mr. COHEN. May we go back to Miami?

The CHAIRMAN. You can go back to Miami.

(Witness excused.)

Mr. HALLEY. Edward Lenz, please.

The CHAIRMAN. Hello, Walter.

Mr. GALLAGHER. Glad to see you, Senator.

The CHAIRMAN. Mr. Lenz, you haven't been sworn?

Mr. GALLAGHER. No; he hasn't.

The CHAIRMAN. Will you stand and be sworn? Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LENZ. I do.

STATEMENT OF EDWARD N. LENZ, CRYSTAL LAKE, ILL., ACCOMPANIED BY WALTER E. GALLAGHER AND WILLIAM S. DEMPSEY, ATTORNEYS, WASHINGTON, D. C.

Mr. ROBINSON. Will you state your full name, please, Mr. Lenz?

Mr. LENZ. Edward N. Lenz.

Mr. ROBINSON. And where do you live?

Mr. LENZ. Crystal Lake, Ill.

Mr. ROBINSON. Are you employed by the wire service, one of the wire-service companies?

Mr. LENZ. Yes, sir.

Mr. ROBINSON. And what company is that?

Mr. LENZ. At present I am working for Continental Press and for Midwest, or rather General News Service Bureau.

Mr. ROBINSON. How long have you been with the wire-service business?

Mr. LENZ. I have been in it for 30 years or more.

Mr. ROBINSON. And in what capacity have you been?

Mr. LENZ. I have been in the capacity of wire executive and maintenance man.

Mr. ROBINSON. Were you with the Annenberg organization at that time?

Mr. LENZ. Yes.

Mr. ROBINSON. Mr. Lenz, on the termination of Nationwide News Service, where were you employed?

Mr. LENZ. At the termination I went to work for Continental Press in 1939.

Mr. ROBINSON. In 1939 you were with Continental Press?

Mr. LENZ. Yes.

Mr. ROBINSON. How long did you remain with the Continental Press?

Mr. LENZ. I believe until 1942 or 1943.

Mr. ROBINSON. Well, during that period of time did you at one time work for another news service?

Mr. LENZ. Not during the time—

Mr. ROBINSON. Called the P. J. Burns News Service?

Mr. LENZ. That was after I left the Continental Press. I went to work for P. J. Burns News Service.

Mr. ROBINSON. Was that in 1942?

Mr. LENZ. I believe it would be in 1942 or 1943.

Mr. ROBINSON. You are sure it wasn't prior to that time?

Mr. LENZ. I have some notes here. I would say it would be around in 1942, 1943.

Mr. ROBINSON. Do you know what the P. J. Burns News Service was?

Mr. LENZ. The P. J. Burns News Service was a news service used to disseminate news in and around the city of Chicago, within Cook County, I would say.

Mr. ROBINSON. Had it been in existence, to your knowledge, prior to the time you went with it in 1942?

Mr. LENZ. Not to my knowledge; no, sir.

Mr. ROBINSON. And what was the system by which they obtained the wire news at that time?

Mr. LENZ. I believe the news was phoned in from a distant point outside the State of Illinois and received by the P. J. Burns News Service and disseminated in the city of Chicago at that time.

Mr. ROBINSON. Was that different from the ordinary method of distribution of news, to your knowledge?

Mr. LENZ. It was different because it was without proper facilities for dissemination.

Mr. ROBINSON. In other words, there were no Morse wires used?

Mr. LENZ. No; Morse wires were ordered out in 1939 by Mr. Annenberg and to my knowledge not replaced at that time.

Mr. ROBINSON. And subsequent to that the gathering and dissemination of news was by telephone so far as the city of Chicago?

Mr. LENZ. Morse wire and telephones, private lines, and modern methods of communication.

Mr. ROBINSON. Do you know whether or not the Continental News Service—

Mr. LENZ. Sir?

Mr. ROBINSON. Do you know whether or not the Continental News Service was financing Mr. Burns' operation?

Mr. LENZ. Not to my knowledge. I wouldn't know that.

Mr. ROBINSON. Now, when you went to work for the P. J. Burns News Service, what was your job to be?

Mr. LENZ. I didn't do much of anything, to be truthful about it, Mr. Robinson. I was instrumental in knowing about telephones, customers. I knew most of the subscribers in and around the city of Chicago.

Mr. ROBINSON. Did you sever all of your connections with the Continental at the time that you went with P. J. Burns?

Mr. LENZ. Yes. At that time Continental was operating out of Cleveland, and I didn't care much about running into Cleveland every week and back into Chicago.

Mr. ROBINSON. What specific function or job did you do for Burns? Was there an effort being made at that time to reinstitute the wire, the Morse wire system?

Mr. LENZ. Well, it was wartime, I believe. I don't know just how to answer that, Mr. Robinson; I was a carry-over from the old Annenberg organization, and I was on their payroll.

Mr. ROBINSON. How long did you remain with Burns?

Mr. LENZ. I believe until the time that Midwest News Service was formed.

Mr. ROBINSON. When was that?

Mr. LENZ. To the best of my knowledge about 1944.

Mr. ROBINSON. Do you recall who formed Midwest News Service?

Mr. LENZ. Mr. Sylvester Farrell, the owner of it.

Mr. ROBINSON. Did he have any partners at that time?

Mr. LENZ. He was under instruction, I believe, or had been taking—rather, had been informed by Mr. Ragen that he could start the Midwest News Service.

Mr. ROBINSON. Well, did Mr. Ragen, so far as you know, give any financial assistance to Mr. Farrell in setting up the Midwest News?

Mr. LENZ. I don't believe he did. Mr. Farrell immediately made contact down-State in Illinois, and it was very easy to sell news down-State due to lack of facilities.

Mr. ROBINSON. Well, this is in 1942 that you are speaking of? Or 1944?

Mr. LENZ. 1944, I believe.

Mr. ROBINSON. Was Midwest operating in 1944, 1945, in the city of Chicago?

Mr. LENZ. I believe. Mr. Robinson, in 1944 and 1945 the P. J. Burns News Service, owned by Mr. Farrell, was replacing it, taking it over.

Mr. ROBINSON. That is what I wondered, what the transition was between the P. J. Burns News Service and the Midwest News Service. Midwest apparently began its operation out of the city of Chicago.

Mr. LENZ. No, Mr. Robinson. Midwest first solicited down-State Illinois, to the best of my knowledge.

Mr. ROBINSON. And then subsequently replaced P. J. Burns News Service in Chicago?

Mr. LENZ. Right. As the telephone situation improved in and around Chicago, Midwest took over what was previously known as the P. J. Burns News Service.

Mr. ROBINSON. Was there any difficulty in this transition so far as Midwest moving into Chicago was concerned. Was there any opposition on the part of Burns to that?

Mr. LENZ. None whatever; none whatever.

The CHAIRMAN. Was the arrangement between the two companies that one would drop out and the other would take over?

Mr. LENZ. Senator, it was a case where anybody who had better news could sell it rather easily.

The CHAIRMAN. Well, was there a deal between Burns and Midwest where Midwest could take over, and take over his business, or did it work out that way?

Mr. LENZ. That I don't know about.

The CHAIRMAN. You don't know. All right.

Mr. ROBINSON. Now, when did Midwest branch out so far as obtaining out-of-State customers?

Mr. LENZ. Midwest, the Midwest service terminated within the State of Illinois, up until such time as Harmony Publishing Co., of Kansas City, went over to another company; and Midwest, being a part of the old customer regime, or set-up, on my suggestion went and covered that territory which was then Harmony Publishing Co., and made attempts to get some of the Harmony customers on to the Midwest circuit.

Mr. ROBINSON. What year was that?

Mr. GALLAGHER. That would be around 1946; correct?

Mr. LENZ. Your question, Mr. Robinson, was that when did Midwest, or how did they, rather, go from Midwest out of the State or to customers outside of the State, I believe.

Mr. ROBINSON. I understood first Midwest started to organize its down-State wire system.

Mr. LENZ. That was the——

Mr. ROBINSON. Then subsequently it took over what had been the P. J. Burns News Service, which was servicing Chicago. What I was getting at; when did Midwest take on the out-of-State business?

Mr. LENZ. Beside——

Mr. ROBINSON. Servicing Iowa, Nebraska, or some of the other States.

Mr. LENZ. I believe that would be at the time that Trans-American sold their first wire into Kansas City.

The CHAIRMAN. Which was in 1946?

Mr. LENZ. I believe in 1947 or 1946.

Mr. ROBINSON. Or 1945?

Mr. LENZ. There have been so many dates, it is hard——

The CHAIRMAN. Whenever Trans-American started, then Midwest started branching out into other States; is that correct?

Mr. GALLAGHER. I think, Senator, it would be after Harmony had ceased taking Continental service, which was in the summer of 1946.

The CHAIRMAN. Yes; and he had gone over with Trans-American?

Mr. GALLAGHER. Yes, sir.

The CHAIRMAN. All right.

Mr. ROBINSON. Do you know whether the P. J. Burns News Service, while you were employed by them, was servicing anyone in the Loop area?

Mr. LENZ. I didn't know much about their particular type of service, Mr. Robinson, as to how they done it, other than that they had telephones. Who their customers might have been, that I wouldn't know offhand. I would say anybody that needed service could get it off the P. J. Burns News Service.

Mr. ROBINSON. Was there any other news service in operation at that time, at the time that the P. J. Burns News Service was doing business?

Mr. LENZ. I don't believe there was any organized service. I believe all bookmakers at that time were at least getting news as best they could, as quick as they could.

Mr. ROBINSON. Do you know Hymie Levin?

Mr. LENZ. I do not.

Mr. ROBINSON. Do you know whether or not he was getting any service from Burns during that time?

Mr. LENZ. It is hard to answer that.

Mr. ROBINSON. What I am getting at is whether you knew or heard anything about whether or not Levin was operating some news service during the period when it was difficult to get service around the 1942-1941 period?

Mr. LENZ. It was generally supposed that Mr. Levin, as you call him, or Hymie, was somewhat interested in handbooks, and it would only be natural that he would have to use some service to be with interest.

Mr. ROBINSON. Now you remained at Midwest until 1946?

Mr. LENZ. Into 1946.

Mr. ROBINSON. And then you returned to Continental?

Mr. LENZ. In May of 1946; yes, sir.

Mr. ROBINSON. When did you go with General News Service?

Mr. LENZ. January 1 of 1949.

Mr. ROBINSON. And what was the arrangement at that time, as far as you were concerned?

Mr. LENZ. After Midwest Illinois News Service was sold, I didn't know anything other than what I would hear around the office.

Mr. ROBINSON. Let me interrupt a minute, Mr. Lenz. You are speaking now of Midwest Illinois News Service.

Mr. LENZ. Yes.

Mr. ROBINSON. That was a company formed by a merger between Midwest and a certain segment of the business of the Illinois Sports News, called the Illinois News Association, is that right?

Mr. LENZ. Well, I don't know much about this Illinois News Association—Midwest—or Midwest Illinois. My work, Mr. Robinson, did not take me into the knowledge of the forming of companies, who owned them, and I couldn't be specific on any of that. My mission was, of course, to move news.

Mr. ROBINSON. Well, when you were working for Midwest up until 1946, it was then known as Midwest, not Midwest Illinois?

Mr. LENZ. My only knowledge of the change from Midwest News Service to Midwest Illinois News Service was noticing on the check of payment of salaries that it was one week Midwest News and the next week Midwest Illinois News. That is all I knew about the transition.

Mr. ROBINSON. Well, in 1949 it was—was that the time you went to work for General News?

Mr. LENZ. That answers your question, Mr. Robinson. In January 1949 I went to work for the General News Service Bureau.

Mr. ROBINSON. And was the General News Service Bureau formed just about that time?

Mr. LENZ. It was formed at that time.

Mr. ROBINSON. Did you also remain on the payroll of Midwest?

Mr. LENZ. No, I didn't. I took myself off the payroll of the Midwest.

Mr. ROBINSON. Did you go on the payroll of Continental?

Mr. LENZ. I went back—I was on the payroll of the Continental for a certain amount, and then went on for a little more, and also went on the payroll of the General News Service Bureau.

Mr. ROBINSON. Who was the owner of the General News Service?

Mr. LENZ. Edward James McGoldrick.

Mr. ROBINSON. Who was he?

Mr. LENZ. He had worked previously for Midwest and was a capable young man.

Mr. ROBINSON. What were you to do with his organization?

Mr. LENZ. Mr. McGoldrick came to me previous to getting on the General News payroll and asked me if I would give some consideration of working for him due to the fact I knew the territories, and there was a great possibility that circuit could be extended and get pretty far through the West. In other words, the possibility of coverage of, let's call it, undeveloped territory.

Mr. ROBINSON. At that time did Mr. McGoldrick, in your opinion, have a great deal of knowledge about the actual operation and management of a business of that sort?

Mr. LENZ. I don't think he did, sir.

Mr. ROBINSON. And you were supposed to give him the benefit of your advice and technical assistance?

Mr. LENZ. Not financial. I was to give him and did give him the benefit of my technical advice and ability to determine how to get in via routing of wires, and so on, and so forth.

Mr. ROBINSON. Did you travel through his territory with him?

Mr. LENZ. On two, possibly three occasions; yes.

Mr. ROBINSON. And consulted with his customers about the wire service, improvements in the wire service, and so forth?

Mr. LENZ. Yes, that is true. I don't think that Harmony in furnishing those customers was doing a good news job. It was very easy to understand and know that the previous customers of Harmony could be better served on a Midwest circuit—on a General News Service, rather.

Mr. ROBINSON. Were any of the discussions with the customers about the fixing of rates or the determination of what the rates should be?

Mr. LENZ. The rates were intact to Harmony at that time, Mr. Robinson. In other words, there was no conversation on my part or, as I recall it, Mr. McGoldrick's part about rates or the increase of rates. The rates were high enough at that time as they were.

Mr. ROBINSON. Now, the business, I take it, of the General News Service was that part of the business of the Midwest Illinois News which had been intrastate, is that correct?

Mr. LENZ. Midwest Illinois had that circuit which was later taken over in January 1949 by General News Service.

Mr. ROBINSON. General News Service got none of the strictly State of Illinois business?

Mr. LENZ. General News did not operate within the State of Illinois.

Mr. ROBINSON. That business was left with the——

Mr. LENZ. Midwest.

Mr. ROBINSON. With the newly organized company, the Midwest News?

Mr. LENZ. Right.

Mr. ROBINSON. Which was formed about the same time?

Mr. LENZ. I believe it was a purchase in there about the same time, when one Midwest was sold to some party or parties.

Mr. ROBINSON. Is that at the time that John Scanlan purchased an interest in the Midwest?

Mr. LENZ. Yes, sir.

Mr. ROBINSON. Now, you were with the Midwest up until the year 1946, do you know anything about what the competitive situation was in getting customers?

Mr. LENZ. Within down-state Illinois?

Mr. ROBINSON. Within the city of Chicago.

Mr. GALLAGHER. At what time?

Mr. ROBINSON. Well, during the time that Mr. Lenz was with Midwest News, up until 1946, I believe he testified.

Mr. LENZ. I had very, very little to do with the city of Chicago at any time since 1944, at the Midwest News Service reconstructed with the effort of Farrell and myself the Midwest circuit down-State. It incorporated 102 counties in the State of Illinois, the service spread into that many counties, I believe. It was quite a wire job in itself, so my work took me to the State of Illinois outside of the county of Cook and the city of Chicago.

Mr. ROBINSON. What was your job during the time that Trans-American was in existence? Were you working for Midwest at that time?

Mr. LENZ. I was working for Midwest News Service and Midwest Illinois News Service.

Mr. ROBINSON. Were you also working for Continental?

Mr. LENZ. Is that in 1946?

Mr. ROBINSON. 1946 and 1947.

Mr. LENZ. 1946 and 1947; yes, sir; I was with Continental and also with Midwest News.

The CHAIRMAN. You mean you were paid by all of them or you were just paid by one, but you worked for all three of them?

Mr. LENZ. I was paid by the both of them.

The CHAIRMAN. By Midwest and by Continental?

Mr. LENZ. Yes, sir.

The CHAIRMAN. How about Midwest Illinois News?

Mr. LENZ. I would presume Midwest and Midwest Illinois were one, because at a certain time during the year 1947 it was changed.

The CHAIRMAN. Excuse me, Mr. Robinson, but I thought it was important to know why he was paid by two of them.

Mr. ROBINSON. Why was that system set up of both companies paying you at the same time?

Mr. LENZ. Mr. Kelly at that time—I believe in that time my brother was taken to a hospital, who was an assistant to Mr. Kelly, and Mr. Kelly figured he needed further help with Continental. The wire men of Continental had to somewhat report to me.

Mr. ROBINSON. Well, was it the practice of Continental to have a man such as yourself who was a technician and an expert go to the various distributors of Continental to aid and assist them in any difficulties they had that fell within your province?

Mr. LENZ. Well, I presume, Mr. Robinson, that they figured if I could be of any use to it, to a company such as General News or Midwest, at the same time Continental could benefit by the long years of experience that I had in this particular line of business. My business was to move news and see that it was kept honest. I have been in this business quite a long time.

Mr. ROBINSON. Was that done at the direction of Mr. Ragen or Mr. Kelly?

Mr. LENZ. I would say yes. I worked for Mr. Ragen; he was owner of Continental Press at that time, I believe.

Mr. ROBINSON. When you were on the payroll at both companies, what would that be, an arrangement that Mr. Kelly had worked out with the other company?

Mr. LENZ. I presume so; yes.

Mr. ROBINSON. Now during the period that Trans-American was in existence, and competing with Continental, what was your function?

Mr. LENZ. The same as I have previously outlined, to move news.

Mr. ROBINSON. Were you in any way field man in order to try and retain customers for Continental or Midwest?

Mr. LENZ. Within the State of Illinois, but not in the city of Chicago and the county of Cook.

Mr. ROBINSON. Well, was Trans-American endeavoring to get customers away from Continental at that time, and did you have any part in that competitive picture?

Mr. LENZ. Not in the competitive picture, Trans-American and Continental; no, sir.

Mr. ROBINSON. Well, so far as Midwest is concerned.

Mr. LENZ. As far as Midwest is concerned; yes, sir.

Mr. ROBINSON. What was that?

Mr. LENZ. Well, I will cite a case of a town down-State where we were ordered to take our machine out. I would call the fellow and——

Mr. ROBINSON. Who was that?

Mr. LENZ. I will cite the case of Bloomington. I talked to Mr. Mike Bishop, who said he was very sorry, but he could drive a better deal with the others, and there his friendship ceased.

Mr. ROBINSON. What is the better deal that he said he had made with the others?

Mr. LENZ. That I wouldn't know what he meant by a better deal. If it was a better deal in money we would make an attempt to match the price.

Mr. ROBINSON. He said he got even a lower rate?

Mr. LENZ. By a better deal, Mr. Robinson, I was thinking about rate; yes, sir.

Mr. ROBINSON. Did you ask him what rate he had got?

Mr. LENZ. I don't recall.

Mr. ROBINSON. Did you offer him a rate yourself?

Mr. LENZ. I believe I did.

Mr. ROBINSON. And he said that wasn't as good as the other company?

Mr. LENZ. He said he would rather have the other at this time.

Mr. HALLEY. Did you know Pat Burns?

Mr. LENZ. Yes, sir; I do.

Mr. HALLEY. He works for Illinois News now, does he not?

Mr. DEMPSEY. He doesn't. He left Illinois Sport News when Mr. George Kelly made an effort——

The CHAIRMAN. Just a minute, Mr. Dempsey.

Mr. DEMPSEY. Mr. Halley doesn't know what he is talking about.

Mr. HALLEY. Now, just a minute.

The CHAIRMAN. Just a minute. We are glad to have you and Mr. Gallagher here. We are not asking you questions. If you have objections to make to questions, you may address them to me. This witness is intelligent. He can take care of himself. If you don't think, after the examination, that he has answered the questions fully, or some explanation should be given, we will give you an opportunity of asking questions. But, if you are going to stay here and represent your client before this committee, when questions are asked, you are not allowed to answer them yourself, unless the chairman calls on you to make some explanation. So, let's have that understood.

Mr. DEMPSEY. May I ask this? This witness does not work——

The CHAIRMAN. The question has been asked. Will you repeat the question?

Mr. HALLEY. He works for Illinois News; doesn't he?

Mr. LENZ. Mr. Burns?

Mr. HALLEY. Yes.

Mr. LENZ. I wouldn't know, sir.

Mr. HALLEY. He works for one of the news outfits here in Chicago?

Mr. LENZ. He worked around in the news business. Who he works for, who paid him, how much he got, I wouldn't know.

Mr. HALLEY. Were you trying to say he worked for Illinois News——

Mr. DEMPSEY. I was trying to tell you what Mr. George Kelly told Mr. Robinson. Mr. Lenz knows nothing about it.

Mr. Pat Burns did work for Illinois Sports News.

Mr. HALLEY. Until a month ago?

Mr. DEMPSEY. Within the last several weeks, after Mr. George Kelly had tried to get him to come in and talk with Mr. Robinson and give this committee testimony.

Mr. HALLEY. How did he try to get him to come in?

Mr. DEMPSEY. He sent a message on the wire on which Burns was sending in news. Within a few days thereafter Burns quit.

Mr. HALLEY. Why didn't you tell the committee where we could serve Burns if you knew where he was sending news from, and you were trying to be cooperative?

Mr. DEMPSEY. You are not serious?

Mr. HALLEY. I am dead serious.

Mr. DEMPSEY. We did tell the committee exactly what we knew about where Burns was.

Mr. HALLEY. You didn't tell us where we could serve him.

Mr. DEMPSEY. You didn't tell us you were trying to serve him.

Mr. HALLEY. Well, he was sending news on the wire.

Mr. DEMPSEY. He was sending it through a telegrapher. I have no doubt you could have found that telegrapher. Now, whether that telegrapher would have told you when and where he saw Mr. Burns, I don't know.

Mr. HALLEY. Nobody told me you knew where you could lay your hands on him.

Mr. DEMPSEY. We couldn't.

Mr. HALLEY. It certainly looks to me like you could have figured out where he could have been found.

Mr. DEMPSEY. You might have been able to figure out, and everything we knew you could have had for the asking.

Mr. HALLEY. We had no way of knowing he was giving news to your telegrapher.

Mr. DEMPSEY. You knew he was on the payroll. You knew what service he was performing.

Mr. HALLEY. We knew he was on the payroll, and we knew he was on the "I am." We certainly did not have any reason to know he was sending news from the track. It is ridiculous.

The CHAIRMAN. Just a minute.

Mr. LENZ. It is ridiculous you didn't know it.

• The CHAIRMAN. Just a minute. Just a minute, Mr. Dempsey. Will you ask this witness any questions you have, Mr. Halley.

Mr. HALLEY. In any event, Pat Burns was working for, Mr. Dempsey said, and I presume it is now in the record, Illinois News; is that right?

Mr. LENZ. I wouldn't know.

Mr. HALLEY. You knew he was with one of the companies?

Mr. LENZ. I knew he was working in this business; but, as to whom he worked for, I do not know. As a matter of fact, Mr. Halley, I disliked Pat Burns from the first time I ever met him.

Mr. HALLEY. When did you first meet him?

Mr. LENZ. I believe back in 1933.

Mr. HALLEY. And when did you start working for the wire service? I think you have answered that, but can we have it again?

Mr. LENZ. When?

Mr. HALLEY. Yes.

Mr. LENZ. In 1917.

Mr. HALLEY. And Burns was working for the wire service with you?

Mr. LENZ. No; I met Burns when Mr. Annenberg came in the picture with Mr. Ragen.

Mr. HALLEY. In 1933?

Mr. LENZ. Sir?

Mr. HALLEY. In 1933?

Mr. LENZ. I don't understand you.

Mr. HALLEY. In 1933, is that when you first met him?

Mr. LENZ. Yes; about 1933, in there somewhere.

Mr. HALLEY. Then you both worked together for many years in one connection or another?

Mr. LENZ. We didn't both work together. I never had anything to do with him, or any part pertaining to work.

Mr. HALLEY. He was chief wire man for Continental?

Mr. LENZ. For a long, long time he was instrumental working for Continental, gathering news from race tracks.

Mr. HALLEY. When Trans-American set up he quit, is that right?

Mr. LENZ. To the best of my knowledge, yes, sir.

Mr. HALLEY. And went with Trans-American?

Mr. LENZ. What was Trans-American?

Mr. HALLEY. No; he went with Trans-American?

Mr. LENZ. Yes; evidently so.

Mr. HALLEY. And you stayed with Continental?

Mr. LENZ. Right.

Mr. HALLEY. Now, the record of the committee in Kansas City shows that a man named Eddie Spitz states that Pat Burns went to see him and offered him the Transcontinental agency.

Mr. GALLAGHER. Trans-American.

Mr. HALLEY. Trans-American distributorship in Kansas City. During that period, that was—and I refer now to the middle of 1946—did Continental have a distributor in Kansas City?

Mr. LENZ. Prior to 1946 Continental had a distributor in Kansas City known as Harmony Publishing Co.

Mr. HALLEY. And it was run by a man named Partnoy; is that right?

Mr. LENZ. Sam Partnoy.

Mr. HALLEY. And in 1946 the Harmony Publishing Co. discontinued taking service from Continental; is that right?

Mr. LENZ. Right.

Mr. HALLEY. Then sometime in 1947 Harmony Publishing Co. came back with Continental; is that right?

Mr. GALLAGHER. That is not correct. Not with Continental, Mr. Halley.

Mr. HALLEY. Let the witness answer.

Mr. LENZ. He came back after Trans-American quit selling service to Partnoy. Partnoy contacted me on the Friday, I believe, before that Saturday.

I have known Partnoy—as a matter of fact, put him to work some years ago. Partnoy informed me on the telephone—this may not be official as to the date—what and where was he to get his news after he lost out with Trans-American.

I told him I'd like to know the same thing. I didn't feel too kindly about him. He was obligated somewhat in a friendly way. I thought at least that he should do what he had done. I says, "I presume you will be able to get on to the Midwest Illinois circuit," because we were able, if my recollection is right, to sell within or in some of the States alongside of Harmony during the time that they were furnished by Trans-American. I think such cities may be, possibly, Omaha. I know we were in Tulsa; we were in Wichita. We were unable to get into Sioux Falls, S. Dak. The Midwest circuit was intact and in operation in Harmony territory at the same time the Trans-American had sold service to Harmony.

Mr. HALLEY. Did you then make the deal with Partnoy to let him resume under Midwest?

Mr. LENZ. I did.

Mr. HALLEY. And, as I recall it, the deal with Partnoy before the Trans-American split was that Partnoy had to return or remit to Chicago all of his proceeds over \$125 a week, which he kept as a salary; is that right?

Mr. LENZ. I wouldn't know the first thing about that, Mr. Halley. I didn't keep books, had nothing to do with rates. Mr. Partnoy reported right to Mr. Ragen or Continental Press, and whatever dealings he may have had along lines of remittance, I didn't know. I did know this, though: That when Harmony Publishing, or call it—that which was left, or Kansas City—Partnoy wanted service, and I sold him a ticker for the city, or Kansas City, and he asked me what the rates would be. I said, "Write your own tickets, I am glad to have you back."

I knew the telephone condition in and around Kansas City. As a matter of fact, the State of Missouri was bad.

Mr. HALLEY. Are you talking now about 1947?

Mr. GALLAGHER. Yes.

Mr. HALLEY. Please let the witness answer, Mr. Gallagher.

Mr. LENZ. I am talking about the time that Midwest took over the Harmony accounts that were furnished originally by Continental, later taken on by Trans-American. Trans-American quits, and from there on they went back, not to Continental but to Midwest.

Mr. HALLEY. Now, you say Partnoy telephoned you?

Mr. LENZ. I believe he did, on the Friday before the Saturday he was to be cut off from the Midwest—or rather the Trans-American.

Mr. HALLEY. And at that time did you make the deal then?

Mr. LENZ. It was very easy to make a deal with Mr. Partnoy; yes, sir.

Mr. HALLEY. You were then an employee—were you not?—for Midwest.

Mr. LENZ. Yes, sir.

Mr. HALLEY. Who was your superior?

Mr. LENZ. Mr. Sylvester Farrell.

Mr. HALLEY. He owned Midwest?

Mr. LENZ. He did.

Mr. HALLEY. Did you talk to him about it?

Mr. LENZ. No.

Mr. HALLEY. Did you ever get any instructions from Farrell about it?

Mr. LENZ. I was in capacity that I need not, let's say—news intelligence capacity—that I need not consult Mr. Farrell about it. He would take my word before consultation.

Mr. HALLEY. In Kansas City did you know Eddie Spitz?

Mr. LENZ. I have met him.

Mr. HALLEY. When did you meet him?

Mr. LENZ. I believe I met him in Mr. Partnoy's office. The reason for meeting was that we were in Kansas City and without a hotel reservation.

I believe he called Mr. Spitz or whatever they call him, and we met him in the lobby of a hotel, wished him the time of day, didn't talk to him very long. He informed me that any business transactions in Kansas City were very capably handled by—could be capably handled by Mr. Simon Partnoy.

Mr. HALLEY. Let me read you what Mr. Spitz said about how he got his service resumed.

Question: What did you do at that point after Trans-American terminated it, try to find out where you would get wire service?

Answer (by Spitz): I asked Simon what we could do now, and he told me to get hold of this fellow, Sylvester Farrell, which I did.

Question: You went to Chicago to see Farrell?

Answer (by Spitz): Yes, sir. I first called on the telephone, I think.

Mr. LENZ. He may have. That pertains to Farrell. I don't recall.

Mr. HALLEY. Yes. Well, isn't it a fact that Spitz was one of the Binaggio-Gargotta gang in Kansas City?

Mr. LENZ. It could be a fact, with me telling you it is a fact because I have been informed by reading the newspapers. I knew nothing of gangstering in the city of Chicago, Kansas City or any part of this country, so help me God.

Mr. HALLEY. Well, isn't it a fact?

Mr. LENZ. It can be presumed or assumed that he might be, I don't know.

Mr. HALLEY. The testimony before this committee is that when that outfit went with Trans-American—Spitz, Klein, Gargotta, and Lacoco went in there; you have read about that, haven't you?

Mr. LENZ. I have read that. Mr. Halley, may I inform you of this: that I have been in the business of gathering and disseminating

news for 31 years, during which time at no time have I made contact in any way, shape, form, or fashion with any gangster in these United States, so help me God.

Mr. HALLEY. You knew that Spitz was a partner of Partnoy's, didn't you?

Mr. LENZ. I met Mr. Spitz, or whatever you call the fellow. He got me a hotel reservation.

Mr. HALLEY. Didn't Partnoy say, "Meet my partner, Spitz?"

Mr. LENZ. Don't put words in my mouth. He didn't say that.

Mr. HALLEY. At that time you were not told that Spitz was Partnoy's partner?

Mr. LENZ. If I was told that Mr. Spitz or anyone you mention, Gargotta, or whoever they may be, were partners, I would possibly have walked out of Kansas City. If I had known at that time of any of those people I would have had no part of Continental Press, or rather Midwest.

Mr. HALLEY. Do you know where Mr. Farrell is now? Maybe he could answer these questions. He was your boss.

Mr. LENZ. I seen Mr. Farrell the last time last May.

Mr. HALLEY. Is he on the lam, too?

Mr. LENZ. He is not around, sir.

Mr. HALLEY. He is not around, and is it your testimony that after this man Partnoy walked out on Continental and gave you, I presume, a great deal of trouble in Kansas City, that when he called up you, an employee, resumed relations with him without even consulting Farrell, your boss? Is that your sworn testimony?

Mr. DEMPSEY. You heard him say it, Mr. Halley. I don't think you need to repeat it, and I object to Mr. Halley asking whether it is his testimony when he has just said so.

The CHAIRMAN. You have made your objection. This witness is intelligent. Is that what you testified or not?

Mr. LENZ. I repeat it. There is a lot of fast pitching here, I don't know.

The CHAIRMAN. The testimony is that after this man had given you so much trouble by leaving the service you were with and going to Trans-American in Kansas City, that then he called up and wanted to get back with you, that you took it upon yourself to let him get back without even consulting Mr. Farrell who was your boss?

Mr. LENZ. Senator, I can give you an honest answer to that question. In covering many of the cities, I knew each and every one of these individuals commonly known as bookmakers. I knew them to be high-class, good, honorable gentlemen.

The CHAIRMAN. Do you want to answer the question and then make any explanation you want to?

Mr. LENZ. I am answering the question in that way, Senator, by saying that I had an obligation to those men, and if St. Joe or Tulsa or Oklahoma City or Wichita or Sioux Falls or Sioux City or Springfield or Des Moines were in trouble and those people were friends of mine, and this business had been good to me for 31 years, I owed them something. I didn't care who owned the thing.

Mr. GALLAGHER. The question, Mr. Lenz, is did Partnoy call you when Trans-American was going out of business, did he call you at

Midwest and ask you if he could get the service back and did you give him the service without discussing it with anybody else?

Mr. LENZ. Right.

Mr. HALLEY. And you gave him a flat rate of \$108 a week?

Mr. LENZ. \$100 and \$8 tax.

Mr. HALLEY. For all of Kansas City?

Mr. LENZ. All the city of Kansas City. I was informed at that time that he had one telephone in the city of Kansas City.

Mr. HALLEY. Of course, you didn't believe that, did you?

Mr. LENZ. No, I didn't believe it.

Mr. HALLEY. Your answer is that you did not believe it, is that right?

Mr. LENZ. I was informed he had one telephone.

Mr. HALLEY. But you didn't believe that he had only one telephone?

Mr. LENZ. He may have said it in jest; he was talking on one telephone.

Mr. HALLEY. It was obviously preposterous?

Mr. LENZ. The telephone situation was extremely bad at the time.

Mr. HALLEY. Have you ever increased that rate of \$100 a week?

Mr. LENZ. No, sir.

Mr. HALLEY. That is all you get out of Kansas City, \$100 a week?

Mr. LENZ. That is all I ever see come in.

Mr. HALLEY. Did you take the trouble to check and find out that before this fellow Partnoy walked out on you, he was only allowed to keep \$125 salary and had to remit all the profits from Kansas City to Continental? Did you ever take the trouble to check that?

Mr. LENZ. I had no access. I knew that the different towns around Kansas City had remitted to Partnoy and Partnoy had remitted to Continental Press. As to the arrangements for profits therefrom, rather the salaries therefrom, I didn't know the first thing about it.

Mr. HALLEY. Do you get as little money from any distributor anywhere in the country as you do from Partnoy?

Mr. LENZ. That is, Partnoy in Kansas City as of the time he started to pay \$100 a week, is that what you had reference to?

Mr. HALLEY. He had about the best deal, didn't he?

Mr. LENZ. Well, I think on one or two occasions, I called him and asked him if he couldn't increase his rate from \$100 to \$200 or \$300 a week, but it was the same cry, and I believed it.

Mr. HALLEY. Have you ever since then discussed this thing with Farrell, the Kansas City situation?

Mr. DEMPSEY. Farrell wouldn't have Kansas City right now, would he?

Mr. HALLEY. Let him answer the question.

Mr. DEMPSEY. I am trying to help you clarify the record.

Mr. HALLEY. The record has nothing to do with that. The question is, have you ever since that time discussed the matter with Farrell?

Mr. LENZ. Well, what year are you in now? Is it 1947?

Mr. HALLEY. Since the time you took Partnoy back?

Mr. LENZ. The Kansas City Star and a lot of newspapers had heated up Kansas City to the extent it wasn't too much of an earning territory at that particular time, 1947 to 1949.

Mr. HALLEY. It seems to me the last question is susceptible of a yes or no answer, if you are trying to answer it.

Have you ever since that time——

Mr. LENZ. Repeat the question.

Mr. HALLEY. Read the question, Mr. Reporter.

(Question read.)

The CHAIRMAN. Since you on your own took him back, Mr. Lenz, we shouldn't have any trouble about this, you took him back on your own hook, and we want to know if you talked about it with Mr. Farrell and what the conversation was.

First, did you talk with him about it?

Mr. LENZ. I may have had—it is natural, Senator, that any company or any corporation is making daily attempts to better themselves in a financial way. I believe there was a 25 percent wire tax put on wires and the cost of wires, and I think Mr. Farrell went into Kansas City, and into that territory, and did put some increases on some of the territory. I believe at the time he found that Kansas City was in no better shape, due to much investigation and turmoil, and the rate remained \$100.

I have always had a kind spot in my heart for Simon Partnoy, and that may have helped the picture greatly, too.

Mr. HALLEY. I don't understand the kind spot you had in your heart for Simon Partnoy. Did you know a young man by the name of Burke who worked on the road for Continental?

Mr. LENZ. No, I don't recall.

Mr. HALLEY. Don't you recall sending a young man named Burke to Kansas City?

Mr. LENZ. Tom Burke, Jr., yes, sir.

Mr. HALLEY. Tom Burke is one of the old timers in Continental, isn't he?

Mr. LENZ. His father is, yes.

Mr. HALLEY. You like him, don't you?

Mr. LENZ. Not particularly, Mr. Halley.

Mr. HALLEY. I am sorry to hear that. He has been with you for quite a while, hasn't he?

Mr. LENZ. That is quite a question, Mr. Halley.

You like a fellow, you don't like him, dislike him. I am not interested——

Mr. HALLEY. You wouldn't want to see him hurt?

Mr. LENZ. I have no reason to hope to—I don't want to see anybody hurt.

Mr. HALLEY. Isn't it a fact that Tom Burke's son went down to Kansas City and was badly beaten up down there when he tried to straighten things out?

Mr. LENZ. I read something about it. I seen Mr. Burke when he came back. He didn't seem to be beaten up and badly hurt.

Mr. HALLEY. Didn't you hire a lawyer named Konomos down there?

Mr. LENZ. I believe Mr. Farrell was in touch with Mr. Konomos, as you call it.

Mr. HALLEY. To try to find out who had beaten up Burke?

Mr. LENZ. That I don't know. You will have to find that out from Farrell.

Mr. HALLEY. Didn't gangsters chase Konomos on two occasions so that he finally quit you?

Mr. LENZ. Not to my knowledge, sir.

Mr. HALLEY. Was that the reason you had a kindly feeling to Partnoy? You didn't know about those things?

Mr. LENZ. In this country, Mr. Halley, there might be 20 or 30 newsmen with 25 or 40 years of experience. They are friendly. They are like lawyers, I believe. I believe if I know a man in my business and got along with him for 30 years, I would sort of lean over backward to help him.

Mr. HALLEY. Even if he beat up one of your boys?

Mr. LENZ. I wouldn't know if he beat up any of the boys.

Mr. GALLAGHER. Is there any testimony in the record of this committee since its inception Simon Partnoy ordered the beating up of any of the Midwest boys? Just to keep your own record, and—

Mr. HALLEY. The Harmony Publishing Co. is referred to in the report of the Senate Committee on Interstate and Foreign Commerce. Have you read that report?

Mr. LENZ. What report, sir?

Mr. HALLEY. The Senate Committee on Interstate and Foreign Commerce dealing with racing wire service.

Mr. LENZ. No, I have never read any reports.

Mr. HALLEY. Did you ever find out from that report that the Harmony Publishing Co. had a minimum of 18 customers in Kansas City?

Mr. LENZ. In my conversation with Partnoy, I would ascertain—

Mr. GALLAGHER. Wait a second, Mr. Lenz, he is asking you a question, and just answer the question.

The CHAIRMAN. He understands the question, Mr. Gallagher.

Mr. GALLAGHER. No, he doesn't. He is stating about his conversation with Mr. Partnoy, and I would like to have Mr. Halley's last question read to him.

The CHAIRMAN. Wait a minute. Let the reporter read the question, or you state the question again.

Mr. Gallagher, we appreciate you and Mr. Dempsey wanting to be helpful, and I am sure you do want to be helpful, but we will have to ask that you let the witness testify and when you want to do some testifying or make an objection, you address the chairman, and we will get along a whole lot better.

Mr. GALLAGHER. I will be glad to do that. I am only saying that this is our point, to make our record, and I am certain you as a committee and the other Members of the Senate want a clear record, and I am trying to make sure as we go along that Continental Press is given an opportunity to make a clean record here.

The CHAIRMAN. Mr. Gallagher, if you will bear with us and let the witness testify, and when you have an objection you want to make, if you will address the chairman, I think we will get along better.

Mr. GALLAGHER. I will be glad to do it. I am asking that Mr. Halley's question be repeated to Mr. Lenz because I don't believe the answer was responsive to it.

The CHAIRMAN. About 5 minutes ago we were going to have Mr. Halley restate the questions.

Mr. HALLEY. I will restate the question, Mr. Lenz.

The United States Senate Committee on Interstate and Foreign Commerce made a report to the Senate on July 3 of 1950, and, on page 856 of that report, it states as follows:

Harmony Publishing Co.: Request was made of Simon Partnoy, manager, for a list of customers, and the committee was informed by Partnoy that all of his papers were in the hands of the Federal grand jury in Kansas City, Mo.

The committee was able to obtain the list of Harmony's customers from the grand jury, and the list, all of whom are served by telephone, follows.

Then there is a list of 18 customers.

With reference to that, I ask you if you have never read it?

Mr. LENZ. I have never read it.

Mr. HALLEY. You never heard that Kansas City had 18 drops?

Mr. LENZ. In my conversation with Mr. Partnoy, I would make an attempt to ask how many telephones he had. His telephone situation was very bad, he told me, he had eight telephones. As a matter of fact, if he had 18 customers he must have two or three relays from that starter of the eight telephones.

Mr. HALLEY. If he had 18 telephones?

Mr. LENZ. If he had 18 customers, he must have started with the eight telephones and relayed on it, or made two calls.

Mr. HALLEY. This isn't necessarily all of his customers, this is those that the Federal grand jury was able to find out about.

Mr. LENZ. Where are these customers, in Kansas City?

Mr. HALLEY. In Kansas City, Mo.

Mr. LENZ. Why haven't they got all of them in there?

Mr. HALLEY. That is all they could find. We don't know if there were any more or not.

Mr. GALLAGHER. Do you know of any more?

Mr. LENZ. No, I wouldn't know.

Mr. HALLEY. If he had 18 customers, he was getting pretty cheap wire service for \$100 a week, isn't that so?

Mr. LENZ. The best of my information on that—he never told me he had 18 customers.

Mr. HALLEY. I have no other questions.

Mr. LENZ. All right.

The CHAIRMAN. Mr. Robinson, do you have any questions?

Mr. ROBINSON. I have a couple more.

Mr. GALLAGHER. May I interrupt and ask just one question to clarify the record at that point?

The CHAIRMAN. What is the question?

Mr. GALLAGHER. The question is with respect to Mr. Halley's statement as to the cheap rate charged Kansas City, and by way of comparison, I would like to ask Mr. Halley if he does know himself the fact that when the Harmony Publishing Co. was in existence, and was buying news from Continental Press in 1946, and before it switched over to Trans-American, and it was paying approximately a thousand dollars to \$1,100 a week which would, at first blush, make the \$100 look like a cheap break, the fact that Harmony at that time had several States in which it had the right of distribution, and the sole right of distribution, but thereafter when they came back in 1947, as Mr. Lenz testified, they only got one drop, and so did Kansas City.

The CHAIRMAN. I think I can answer the question. Of course, we are not answering questions, we are asking questions.

Mr. GALLAGHER. I understand that. I am trying to clarify the record that what appears to be at first blush a wide variance in rate, there is a difference in the picture.

The CHAIRMAN. I think it might be of some interest to the press and public to say a word about this arrangement. The testimony is that Mr. Partnoy had his own company, the Harmony News, is that right?

Mr. HALLEY. That is right.

The CHAIRMAN. In Kansas City. He thought he was going to have an independent business. He had a contract with Continental and he kept thinking that Continental was going to sort of put him on his own, so that he could get the profit out of it, but as it worked out, Continental insisted all along that he pay his expenses, and pay himself \$125 a week, as I remember it—is that right?

Mr. HALLEY. That is right.

The CHAIRMAN (continuing). And he remit the rest of it to Continental, which he did all during that period.

Then he further testified that when Spitz came to see him at the time Trans-American came into existence, that he was rather burnt up and disappointed with the way that Continental had treated him, and never let him actually be an independent entrepreneur, but in just keeping him on this \$125-a-week deal.

So that he rather welcomed the fact that these four characters, Spitz, Lacoco, Klein, and Gargotta, had made a deal with Trans-American to have another wire service, and they offered him a better deal than Continental had offered him, so although there may be inferences from other witnesses that it was a pressure tactic, he says actually that he was very happy to give up Continental and go with them.

So that was the testimony certainly that he was sending Continental a great deal more, the difference between his weekly wage and his expenses, than what he sent Continental, than the \$108 a week.

Mr. GALLAGHER. I think that is quite correct, Senator. I would like to know what it proves. So what does it mean?

The CHAIRMAN. What it proves is—or the inference, certainly, is that there was some unusual circumstance.

In the first place, why Mr. Lenz, or whoever he was working for, would welcome a man back with open arms after the difficulty they had had with him; and in the second place, why they would give them such a low rate in that territory.

Mr. GALLAGHER. That was what I tried to explain, Senator.

The CHAIRMAN. I think it should also be pointed out in observation with one of your other questions as to whether there was any testimony that these men in Harmony News, to wit, Gargotta, Spitz, Klein, and Lacoco, as to whether they had anything to do with the beating of Tom Burke, Jr.

Mr. GALLAGHER. If I may correct you—wasn't Partnoy mentioned there?

The CHAIRMAN. Partnoy, yes, that is right, whether he had anything to do with it. But, of course, the difference is that Partnoy just worked for these men.

The testimony in that regard was that Burke came down to try to get something done about it, to protest, or to try to find somebody else to take his service, and he was beaten up badly, and then some people got in touch with Mr. Konomos, who is an attorney in Kansas City representing the Continental Press. He was paid by the Continental Press, although he sent a much larger bill than he got a check for, and that he was very much upset about it, and felt Continental

Press was being done badly, that these fellows had beaten up Burke, that they were keeping down any competition.

He got up a petition, or something, for a lawsuit, and about that time he was driving out the street, or out the road, and a car hedged him in in front and pointed some guns at him and said, "You had better leave this matter alone."

Mr. GALLAGHER. Those were not Continental employees were they?

The CHAIRMAN. No, they were apparently interested in the Harmony service at that time.

That made him mad, so he decided he would still do something about it, so he went to see some other people, and got up some more papers, and shortly after that he was going down the road again when another car, and a different bunch of people, drove up and pointed bigger and more guns at him, and then he decided he would give up the case. He sent his bill in and got a check back from Continental. He said he couldn't carry on the case any more.

That is about the summary of the Kansas City testimony.

All right, are there any other questions?

Mr. HALLEY. Yes.

Now, Mr. Lenz, do you work for General News?

Mr. LENZ. Yes, sir. I am on the General News Service payroll.

Mr. HALLEY. What do you get a week from the C. & C. Publishing Co. at Omaha?

Mr. GALLAGHER. What does Mr. Lenz get, or General News?

Mr. HALLEY. You are not being funny, are you, Walter?

Mr. GALLAGHER. No, but you are saying what does he get.

Mr. HALLEY. You know what I mean. The question is asked in colloquial language to make time. We are not being overtechnical, are we?

Mr. GALLAGHER. No, I want it spelled out.

Mr. HALLEY. Now——

The CHAIRMAN. Let's get on. What is the question, Mr. Halley? Let's ask the question. What do you get a week from somebody?

Mr. HALLEY. Yes, that is the question.

Mr. LENZ. You mean what does General News get from Omaha at this time?

I will make a guess and say \$100 a week.

Mr. HALLEY. You are guessing?

Mr. LENZ. I have not seen the books or records. Omaha, to my knowledge, has been down tight since this investigation started.

Mr. HALLEY. What did they get from Omaha in 1949?

Mr. LENZ. Offhand, I would say \$350 or \$400 a week.

Mr. HALLEY. \$350 or \$400 a week?

Mr. LENZ. In that neighborhood.

Mr. HALLEY. Did you fix the rate with the C. & C. Publishing Co. at Omaha?

Mr. LENZ. I believe C. & C. Publishing Co. came into Chicago and talked to Mr. McGoldrick.

Mr. HALLEY. Talked to Mr. McGoldrick?

Mr. LENZ. Yes.

Mr. HALLEY. And they got a rate of \$350 or \$400 a week?

Mr. LENZ. I would say in that neighborhood somewhere.

Mr. HALLEY. According to our information C. & C. has only 17 telephone drops. Would you have any way of explaining why they with 17 drops should get a rate so much higher than that of Harmony with 18 drops?

Mr. LENZ. I believe Omaha also incorporated Council Bluffs and Dennison, Iowa.

Mr. HALLEY. This should be accurate, because this is information furnished by C. & C. They did give this information to the committee.

They said that they had 17 drops, including Council Bluffs and Omaha. That is all they listed.

Now, why should they get a rate of \$350 a week, and Harmony a rate of \$100 a week? Can you explain that?

Mr. DEMPSEY. Senator, I wonder if I could make an objection. You told us we might do that.

The CHAIRMAN. What is your objection?

Mr. DEMPSEY. My objection is just this: The witness has testified that he did not think that Partnoy had 18 drops. Mr. Halley has now told him that.

The CHAIRMAN. Well, Mr. Dempsey, he can answer that. If he thinks that is the reason, he can answer.

Mr. DEMPSEY. I am suggesting that Mr. Halley is arguing with the witness.

The CHAIRMAN. I am afraid you are trying to suggest the answer to the witness, Mr. Dempsey.

Your objection will be overruled.

Will you answer the question?

Mr. LENZ. What is the question?

The CHAIRMAN. Why did you charge Kansas City, Harmony, \$100 a week, and this outfit, C. & C. in Omaha, that had 17 drops, when the record shows Harmony had 18 drops, three or four hundred dollars a week?

Why the differentiation?

Mr. LENZ. Well, I believe at one time Omaha paid more than \$300. Go back 10, 15 years, Omaha was presumed to be better territory than Kansas City.

The CHAIRMAN. Well, we were just giving you the benefit of the break. We are saying \$300 or \$400 a week for one, \$100 for the other, per week. If it is \$500 a week for one and \$100 for the other, that makes it all the more difficult to understand.

Mr. GALLAGHER. Senator, if I may say something—

The CHAIRMAN. Let's let the witness answer, if he can. Let him answer. If he can't, let him say say he can't.

Mr. LENZ. I can't answer it.

The CHAIRMAN. You don't understand the questions?

Mr. GALLAGHER. May I say something, Senator?

The CHAIRMAN. Well—

Mr. GALLAGHER. As Mr. Halley says from the report that C. & C. sends in at Omaha themselves, they have got more than one town. As he said himself, they have got a drop at Council Bluffs.

The CHAIRMAN. Yes.

Mr. GALLAGHER. Further, how accurate do you know that list is? Those people weren't called before the Commerce Commission. That was just a list they sent in.

The CHAIRMAN. If, Mr. Gallagher, they sent it in, it would be at least prima facie evidence.

Mr. HALLEY. Mr. Gallagher, I presume it is as distasteful to you as it is to me to have to argue.

Mr. GALLAGHER. Certainly.

Mr. HALLEY. And also to have to argue with Mr. Dempsey. I also presume that you intend to represent your clients as strongly and firmly as I intend to represent this committee.

Mr. GALLAGHER. You have stated it correctly.

Mr. HALLEY. Therefore, I suggest that perhaps the best way to cover this subject and have you make the arguments which you want to make for your client is for you to submit a brief within a reasonable time after the hearings on the basis of all the evidence.

Mr. GALLAGHER. Well, I don't think that—

Mr. HALLEY. Wouldn't that be a more orderly—

Mr. GALLAGHER. No; I certainly don't think so, because I think at this opportunity, when we are making a record for a committee of the United States Senate is the time to state what we believe, whether we are correct or not, or whether you agree with us or not, in the course of your interrogation of your witness.

Mr. HALLEY. But the people to state it are the witnesses and not you and Mr. Dempsey, and that is where we are—

Mr. GALLAGHER. Yes; but when you ask a question that the witness can't answer, I think we are entitled to an opportunity to explain what you are asking looks peculiar to you, and point out what you apparently haven't seen why it isn't peculiar.

Mr. HALLEY. No. The witness, not you.

The CHAIRMAN. Mr. Gallagher, I hope we don't have to resort to the suggestion made by Mr. Halley and we are not going to at the present time, but it is quite apparent that we have a long way to go in this investigation.

We want to be cooperative and friendly with you, but if you attempt to testify on behalf of the witnesses or suggest their answer, then we are going to have a difficult time, and so for the time being, if you have some objection you wish to make or if you will address the Chair, let the witness answer it first, or say he can't answer, and then if you have some observation you want to make, if you will address the Chair, maybe we will get along all right, but we are going to have to do it differently than we have been, I can promise you that.

Now, I presume you have no explanation to make why you gave—then is that your testimony—these people \$300 or \$400 or \$500 a month rate and the other \$100?

Mr. LENZ. Well, I don't recall just the dates, sir, the amounts that they were paid.

The CHAIRMAN. All right. Anything else, Mr. Halley?

Mr. HALLEY. Nothing.

The CHAIRMAN. That is all for the present.

(Witness excused.)

The CHAIRMAN. The committee will have a 5-minute recess and we will call Mr. McGoldrick.

(Short recess.)

The CHAIRMAN. Let the record show that Mr. Benjamin J. Schultz, attorney at law, Chicago, is appearing with Mr. McGoldrick. Do you solemnly swear that you will tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McGOLDRICK. I do.

TESTIMONY OF EDWARD MCGOLDRICK, CHICAGO, ILL., ACCOMPANIED BY BENJAMIN J. SCHULTZ, ATTORNEY, CHICAGO, ILL.

Mr. ROBINSON. State your full name, please.

Mr. MCGOLDRICK. Edward McGoldrick.

Mr. ROBINSON. Where do you live, Mr. McGoldrick?

Mr. MCGOLDRICK. 10153 South Eberhart.

The CHAIRMAN. Chicago?

Mr. MCGOLDRICK. Chicago.

Mr. ROBINSON. Do you have a business address?

Mr. MCGOLDRICK. 537 South Dearborn.

Mr. ROBINSON. What business do you have at that address?

Mr. MCGOLDRICK. Disseminating of news.

Mr. ROBINSON. What is the name?

Mr. MCGOLDRICK. General News Service Bureau.

Mr. ROBINSON. General News Service Bureau?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. And, Mr. McGoldrick, when did you first become associated with the wire-service business?

Mr. MCGOLDRICK. In May of 1947.

Mr. ROBINSON. And how did you become associated with the business?

Mr. MCGOLDRICK. My brother, who was a friend of Mr. Ragen's, asked Mr. Ragen to put me to work.

Mr. ROBINSON. And where did Mr. Ragen put you to work?

Mr. MCGOLDRICK. In the meantime, Mr. Ragen died, and my brother sent me up to see Mr. Kelly, and told Mr. Kelly—

Mr. ROBINSON. Was that Mr. Thomas Kelly?

Mr. MCGOLDRICK. Yes, sir; told Mr. Kelly that Mr. Ragen had promised me a job, if he could use me. At which time he sent me over to Illinois News Association and asked them if they had an opening or room for me.

Mr. ROBINSON. Who was the owner of the Illinois News Association then?

Mr. MCGOLDRICK. Steadman Hayden to my knowledge.

Mr. ROBINSON. Mr. Hayden?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. Was he the one that employed you?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. What work did you do there?

Mr. MCGOLDRICK. I was a road man, an outside man.

Mr. ROBINSON. And what did a road man do?

Mr. MCGOLDRICK. Well, made collections, looked for new business.

Mr. ROBINSON. Did he go around to see the customers?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. Did you have anything to do with the setting of the rates of the customers?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. Who handled that work?

Mr. McGOLDRICK. It was usually a flat rate for Chicago.

Mr. ROBINSON. Just what was the nature of your work? Give us a brief sketch of what your duties were as a road man?

Mr. McGOLDRICK. Well, to go around and visit the customers. Some of them had tickers. Sometimes they wanted it moved, and you would ask him if the machine was working all right; if there was anything you could help him with.

Mr. ROBINSON. Did you try to get new customers?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. Were you able to get new customers?

Mr. McGOLDRICK. Once in a while you got some new ones, yes, sir.

Mr. ROBINSON. How long did you work for the Illinois News Association?

Mr. McGOLDRICK. I think it was sometime in 1948 when the Illinois consolidated with Midwest.

Mr. ROBINSON. Can you explain to the committee what was the Illinois News Association?

Mr. McGOLDRICK. I don't understand your question.

Mr. ROBINSON. Let me see if I can help you. Was the Illinois News Association a part of the Illinois Sports News?

Mr. McGOLDRICK. I believe they bought their service from Illinois Sports News, but that is all I know about it.

Mr. ROBINSON. What is the Illinois Sports News?

The CHAIRMAN. That was the wire service.

Mr. ROBINSON. Isn't the Illinois Sports News the scratch-sheet part of the business?

Mr. McGOLDRICK. Yes; they have a scratch sheet.

Mr. ROBINSON. The Illinois News Association is the wire part of the business?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. And it is owned by George Kelly; is that right?

Mr. McGOLDRICK. Yes; that is right.

Mr. ROBINSON. Then part of the business of the Illinois Sports News known as the Illinois News Association, which is the wire-service part, was merged with the Midwest News.

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. That is right, isn't it?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. And the Midwest News was owned by Sylvester Farrell?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. That merger took place sometime in the middle of 1947?

Mr. McGOLDRICK. No, I believe it was—it could be 1947 or the early part of 1948. I don't remember. I believe it was in 1947.

Mr. ROBINSON. It was the Midwest-Illinois News Association when you went to work for them?

Mr. McGOLDRICK. When I went to work it was the Illinois News Association; yes, sir.

Mr. ROBINSON. Then you subsequently went to work for whom?

Mr. McGOLDRICK. Midwest Illinois News.

Mr. ROBINSON. What sort of work did you do there?

Mr. McGOLDRICK. Same type of work.

Mr. ROBINSON. Roadman, getting new customers, helping out in the service, and so forth?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. How long were you employed by the Midwest Illinois News Association?

Mr. McGOLDRICK. Up until the end of December of 1949.

Mr. ROBINSON. December of 1949 or 1948?

Mr. McGOLDRICK. 1948, I am sorry.

Mr. ROBINSON. Then what did you do?

Mr. McGOLDRICK. Well, there was talk in the office that they were going to sell part of their business, and I asked Mr. Farrell if I might buy in if the price wasn't too high.

Mr. ROBINSON. What part of the business were they talking about that they were going to sell?

Mr. McGOLDRICK. Four or five States outside of the State of Illinois.

Mr. ROBINSON. Was that the out-of-State business of the Midwest Illinois News?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. Was that the entire business?

Mr. McGOLDRICK. Yes, sir; outside of the State of Illinois.

Mr. ROBINSON. Outside of the State of Illinois. Did you talk to Mr. Farrell about that?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. Did you talk to Mr. Kelly, George Kelly?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. What was the arrangement?

Mr. McGOLDRICK. Well, they set a price and told me that I could buy in.

Mr. ROBINSON. What was the price that they set?

Mr. McGOLDRICK. \$3,000.

Mr. ROBINSON. What did you do then?

Mr. McGOLDRICK. Well, at that time I was just a working stiff, I didn't have any money, so I tried to borrow \$3,000, which I did.

Mr. ROBINSON. From whom did you borrow it?

Mr. McGOLDRICK. Henry Hilton.

Mr. ROBINSON. How did you happen to go to Henry Hilton?

Mr. McGOLDRICK. Well, Henry Hilton is an old friend of the family—he went to school with my brother—and I knew that he was in this business.

Mr. ROBINSON. What business?

Mr. McGOLDRICK. In the news business.

Mr. ROBINSON. You knew he was attorney for the service company?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. Attorney for which service company?

Mr. McGOLDRICK. I believe Continental Press.

Mr. ROBINSON. You saw Mr. Hilton and what was the arrangement?

The CHAIRMAN. Where does Mr. Hilton live or where does he practice?

Mr. ROBINSON. Do you know Mr. Hilton's address?

Mr. MCGOLDRICK. Business address, I think, is 134 North LaSalle Street.

Mr. ROBINSON. Is that the same office as the Continental Press?

Mr. MCGOLDRICK. No, sir.

Mr. ROBINSON. Does he also have an office at Continental Press?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. He does?

Mr. MCGOLDRICK. Yes.

Mr. ROBINSON. You saw Mr. Hilton and what was the arrangements with him for the loan of \$3,000?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. Was there any interest arrangement there?

Mr. MCGOLDRICK. No, sir.

Mr. ROBINSON. What did you do after that?

Mr. MCGOLDRICK. Well, I made arrangement to buy the business.

Mr. ROBINSON. To whom did you pay the money?

Mr. MCGOLDRICK. I paid a thousand dollars to each one of the fellows that owned Midwest Illinois, which was Sylvester Farrell, James Frestel, and George Kelly.

Mr. ROBINSON. Were you to receive your wire service from any particular company?

Mr. MCGOLDRICK. Knowing that Illinois Sports News was a distributor, I went to George Kelly and I asked him to sell me the news; yes, sir.

Mr. ROBINSON. What was the arrangement that you made with him?

Mr. MCGOLDRICK. I don't understand your question.

Mr. ROBINSON. What was the basis, what was the rate you were to pay him for the service?

Mr. MCGOLDRICK. Well, I explained to Mr. Kelly that I was just starting into the business and didn't have any money. I also told him I had borrowed some money to buy the business, would he give me a chance to get on my feet, to get some money, so he made a fluctuating rate. The rate started—it would go no lower than \$500 and no higher than \$2,000.

Mr. ROBINSON. Did you make any terms with him so far as when the payment for the service would start?

Mr. MCGOLDRICK. Yes. I asked him if it was possible to give me 3 or 4 weeks or a couple of weeks until I got some money together before I sent in news—and he agreed to that—before I sent in the money.

Mr. ROBINSON. Before you sent in the money for the service you were going to receive?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. Was the part of the business that you bought at that time a going business?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. It was just a question of you taking control or ownership of that interstate segment of the business which was in operation at that time?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. What was the revenue that you were receiving? What revenue did you receive for the first few weeks from your customers?

Mr. McGOLDRICK. Oh, it averaged between \$2,800 and \$3,000.

Mr. ROBINSON. A week?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. And you paid no service; you paid no wire service—

Mr. McGOLDRICK. For 2 weeks I paid no wire service.

Mr. ROBINSON. For 2 weeks you paid no wire service to the Illinois Sports News?

Mr. McGOLDRICK. That is right.

Mr. ROBINSON. You got a business that was paying you, you say—

Mr. McGOLDRICK. Between \$2,800 and \$3,000.

Mr. ROBINSON. A week?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. And you paid a total of \$3,000 for that business producing that income?

Mr. McGOLDRICK. Yes, sir.

Mr. SCHULTZ. I don't know, Mr. Robinson, but I assume that \$2,800 was gross.

Mr. McGOLDRICK. That is gross.

Mr. SCHULTZ. Would you ask the witness that, or may I ask him?

Mr. ROBINSON. Do you know what your net was?

Mr. McGOLDRICK. The figures I wouldn't know offhand; no, sir; I would have to check.

The CHAIRMAN. About how much was it? You got \$2,800 a week?

Mr. McGOLDRICK. Maybe \$1,800, \$1,500.

Mr. ROBINSON. A week? That would be your net?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. In effect, you received the business as a gift; isn't that true?

Mr. McGOLDRICK. Well, I don't know what you term as a gift.

Mr. ROBINSON. You borrowed \$3,000.

Mr. McGOLDRICK. That is right.

Mr. ROBINSON. To buy a business that was netting you right from the beginning \$1,500 a week?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. You paid no wire service for a period of 2 weeks?

Mr. McGOLDRICK. That is right.

Mr. ROBINSON. And the rate for the wire service was to be somewhere between \$500 and \$2,000?

Mr. McGOLDRICK. That is right.

Mr. ROBINSON. Now, what was the first payment you made for wire service after the expiration of the 2-week period of free service?

Mr. McGOLDRICK. A thousand dollars.

Mr. ROBINSON. A thousand dollars?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. Well, didn't you in effect get a pretty good deal?

Mr. MCGOLDRICK. I suppose.

The CHAIRMAN. What has it been netting you, or what did it net you, say, 3 or 4 months after that time? How much did you make out of it a week after paying your expenses?

Mr. MCGOLDRICK. Well, it stayed the same for maybe 6 months after I took it over.

The CHAIRMAN. In other words, you made \$1,500 to \$1,800 a week out of it 3 or 4 months after you took it over; is that correct?

Mr. MCGOLDRICK. Yes, sir.

Mr. SCHULTZ. May I say, Senator, that Mr. McGoldrick submitted all of his books to this committee.

The CHAIRMAN. Mr. McGoldrick has been quite cooperative, I understand. We appreciate it very much. I think we do have the details.

Mr. SCHULTZ. Yes; you do have.

Mr. ROBINSON. Now, who are the customers of General News?

Mr. MCGOLDRICK. Well, the exact names of all of them I don't remember.

Mr. SCHULTZ. You have submitted a list.

The CHAIRMAN. Do you have a list? Let's let the list be made exhibit 16.

Mr. SCHULTZ. You have submitted a list, have you not?

Mr. MCGOLDRICK. Yes.

Mr. ROBINSON. They are in the record.

The CHAIRMAN. Let's let the list of his customers be submitted as exhibit 57.

(The document referred to was marked "Exhibit No. 57," and appears in the appendix on p. 1405.)

Mr. ROBINSON. Are your customers themselves distributors of news?

Mr. MCGOLDRICK. Some of them are; yes, sir.

Mr. ROBINSON. And what are the others?

Mr. MCGOLDRICK. Handbook operators, I suppose. That is what you'd call them.

Mr. ROBINSON. What percentage, would you say, of your customers are handbook operators as compared to customers who are distributors?

Mr. MCGOLDRICK. Three-quarters.

Mr. ROBINSON. Most of your distributors are located in other States?

Mr. MCGOLDRICK. Yes, sir. All of my customers are out of the State of Illinois.

Mr. ROBINSON. Can you name any of your larger distributors?

Mr. MCGOLDRICK. Badger News Co.

Mr. ROBINSON. Where is that located?

Mr. MCGOLDRICK. In Milwaukee, Wis.

Mr. ROBINSON. Do you know who owns that?

Mr. MCGOLDRICK. Louis Simon.

Mr. ROBINSON. Louis Simon?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. That is at Milwaukee. Do you have any other distributors in Milwaukee?

Mr. MCGOLDRICK. No, sir.

Mr. ROBINSON. Do you have any other customers in Milwaukee?

Mr. MCGOLDRICK. No, sir.

Mr. ROBINSON. Do you have a customer by the name of Ollie O'Hara?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. And where is he located?

Mr. McGOLDRICK. Kenosha, Wis.

Mr. ROBINSON. Kenosha, Wis.?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. And is he a distributor?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. What is he?

Mr. McGOLDRICK. Handbook.

Mr. ROBINSON. Do you know how large a handbook he operates?

Mr. McGOLDRICK. No, sir; I do not.

Mr. ROBINSON. What is your rate you charge to Ollie O'Hara?

Mr. McGOLDRICK. Well, it is varied. I have gotten as high as \$250 a week, and I am down now—well, he is off now. I was getting \$125 a week.

Mr. ROBINSON. Why would the rate vary?

Mr. McGOLDRICK. Lack of business.

Mr. ROBINSON. Lack of business?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. Do you discuss with your handbook customers what the volume of their business is?

Mr. GOLDRICK. I ask them how business is; yes, sir.

Mr. ROBINSON. And do you examine their books?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. You take their word for it?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. And, if they say business is off, you cut the rate?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. Well, what is the exact basis upon which you would fluctuate a rate from \$108 to \$250?

Mr. McGOLDRICK. Well, we couldn't go any lower than what the wire bill costs me. We try to hold up the wire bill first. That is how we mainly base our rate on.

Mr. ROBINSON. Well, what would be the wire bill cost? Is that varied or is that fixed?

Mr. McGOLDRICK. Well, it varies—no, it stays the same. It only varies if you put on another customer or take another one off.

Mr. ROBINSON. Well, assume the rate now is \$108. How do you fix that so that you get a profit out of it?

Mr. McGOLDRICK. Well, I have to know how much the wire costs me to go up there first.

Mr. ROBINSON. Well, what would the wire cost you to go up to a place like Kenosha?

Mr. McGOLDRICK. Oh, approximately \$80.

Mr. ROBINSON. Eighty dollars?

Mr. McGOLDRICK. That is a round figure.

Mr. ROBINSON. And there is a tax of \$8 which the customer pays?

Mr. McGOLDRICK. No. The customer pays the 8 percent wire tax, but that has nothing to do with my wire bill. My wire bill from Western Union, I mean.

Mr. ROBINSON. And that is about \$80?

Mr. McGOLDRICK. Approximately; yes, sir.

Mr. ROBINSON. So you net about what, \$20 on that?

Mr. McGOLDRICK. Well, that is \$80 a month.

Mr. ROBINSON. Yes. He pays \$108 a week?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. I see. Now, when you talk with customers about business being off or down, what are the details of the discussion that you have?

Mr. McGOLDRICK. Well, they just go on to say that there is no business. "Business is off. The people aren't spending any money."

Mr. ROBINSON. Well, do you drop the figure from \$250, as you mentioned this place paid at one time, down to \$108?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. With no intermediary that you drop it to?

Mr. McGOLDRICK. No, sir. No, sir.

Mr. ROBINSON. Has it ever been higher than \$250?

Mr. McGOLDRICK. Not to my knowledge; no, sir.

Mr. ROBINSON. Not to Kenosha?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. Now, what was the highest rate that you received from any of your customers?

Mr. McGOLDRICK. Six hundred dollars a week.

Mr. ROBINSON. And who paid that?

Mr. McGOLDRICK. Omaha.

Mr. ROBINSON. What is the rate now?

Mr. McGOLDRICK. One hundred dollars a week.

Mr. ROBINSON. And what is the reason for that?

Mr. McGOLDRICK. Well, he hasn't been in business for almost a year, better than a year now, I believe; and he is just paying to hold his franchise for the wire in Omaha.

Mr. ROBINSON. How many customers have you lost in the past 4 or 5 or 6 months?

Mr. McGOLDRICK. About seven to nine. Between seven and nine.

Mr. ROBINSON. And, incomewise, how much has your business dropped off?

Mr. McGOLDRICK. To practically nothing. I am operating at a loss right now.

Mr. ROBINSON. And when did you start operating at a loss?

Mr. McGOLDRICK. About 3 months ago.

Mr. ROBINSON. Now, Mr. McGoldrick, do you have a customer in Gary?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. And who is that customer?

Mr. McGOLDRICK. The fellow that sends the check in to me is—his name is Hyman—Harry Hyman.

Mr. ROBINSON. And where does he send the check?

Mr. McGOLDRICK. To my post-office box here in Chicago.

Mr. ROBINSON. Is that the ordinary way in which you receive—

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON (continuing). Your income from your customers?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. And how long has he been a customer of yours?

Mr. McGOLDRICK. He was a customer when I bought over the business.

Mr. ROBINSON. Have you ever met him?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. You don't know who he is?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. You know nothing about him?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. Has he been paying you recently?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. And the sum he was paying was what, \$500 a week?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. And when did he discontinue paying that sum?

Mr. McGOLDRICK. Well, he sent—the last check he sent to me, he sent a note in it saying he was going on a vacation for a few weeks.

Mr. ROBINSON. And when was that?

Mr. McGOLDRICK. Sir?

Mr. ROBINSON. When did he send the note to you? Can you remember the date?

Mr. McGOLDRICK. The exact date; no. I can't answer that. I think it was sometime in August.

Mr. ROBINSON. Sometime in August?

Mr. McGOLDRICK. Or September, the latter part.

Mr. SCHULTZ. You submitted that note to the committee?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. Approximately; that is all right.

You haven't heard from him since?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. You continued to give him service?

Mr. McGOLDRICK. Not now; no, sir.

Mr. ROBINSON. How long did you continue to give him service after receiving—

Mr. McGOLDRICK. Approximately 5 weeks.

Mr. ROBINSON. Approximately 5 weeks?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. He still owes you money?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. Have you shut him off?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. When did you shut him off?

Mr. McGOLDRICK. About a month or a month and one-half ago.

Mr. ROBINSON. And you have not heard from him since?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. What business was Harry Hyams in?

Mr. McGOLDRICK. Bookmaker, to my knowledge.

Mr. ROBINSON. He was not one of your distributors?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. Do you have a customer in California?

Mr. McGOLDRICK. Yes, sir; I had a customer in California.

Mr. ROBINSON. Who was your customer there?

Mr. McGOLDRICK. Stanley Cohen.

Mr. ROBINSON. And how long did you supply him with service?

Mr. McGOLDRICK. I didn't supply him with any service.

Mr. ROBINSON. Well, how did he become a customer?

Mr. MCGOLDRICK. I talked to the man in January of this year; and, with the expectation that California was going to legalize gambling down there, he wanted to hold a franchise.

Mr. ROBINSON. Did you talk to him there or here?

Mr. MCGOLDRICK. California.

Mr. ROBINSON. In Los Angeles?

Mr. MCGOLDRICK. No, sir; San Francisco.

Mr. ROBINSON. San Francisco. Go ahead. What was the discussion that you had with him?

Mr. MCGOLDRICK. He said that he was—he thought that the State of California would be legalizing gambling, and wanted to know if he could hold the franchise with me. I said, "Yes," I would be very happy to sell him service if and when we could. So we set a figure of \$500 a week.

Mr. ROBINSON. And he has been paying you that \$500 a week ever since?

Mr. MCGOLDRICK. Up until 3 or 4 weeks ago; yes, sir.

Mr. ROBINSON. And was it stopped 3 or 4 weeks ago?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. Why did he discontinue it?

Mr. MCGOLDRICK. Well, he called me on the phone and told me he didn't think that it was necessary, or that it was going to be able to—that he was going to be able to pay any more, due to the fact the bill was killed. They voted it out.

Mr. ROBINSON. Well, what type of franchise was it? Did he have an exclusive franchise with you?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. In other words, the arrangement was that, if News went into California, you would have to supply him and nobody else?

Mr. MCGOLDRICK. That is right.

Mr. ROBINSON. Was it exclusively for California?

Mr. MCGOLDRICK. Whatever territory he had. I believe he just had San Francisco and the outlying counties; that was all he had.

Mr. ROBINSON. No other State?

Mr. MCGOLDRICK. No, sir.

Mr. ROBINSON. What a position—if News had gone into California, what position would you have been in if Illinois Sports News or Continental decided to have a customer in California?

Mr. MCGOLDRICK. Well, I don't understand your question.

Mr. ROBINSON. Well, would there have been anything to prevent Continental or Illinois Sports News from setting up a service in California?

Mr. MCGOLDRICK. No; on account of the press, I don't think they could. I believe there was an injunction against them for a wire in the State of California.

The CHAIRMAN. The point is, did you have an agreement with the outfit that you bought from, Midwest News, or Continental, or with anybody else, you would have an exclusive territory for your news service?

Mr. MCGOLDRICK. Yes; if I sold a man, I could sell the man service in that State; yes, sir.

The CHAIRMAN. And that they would not bother you; I mean, they would not compete?

Mr. McGOLDRICK. I don't think so; no, sir.

The CHAIRMAN. Was that part of the agreement?

Mr. McGOLDRICK. Well, there wasn't actually any agreement.

The CHAIRMAN. That was the understanding, though?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. Wherever you were, you would be exclusive?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. Was that agreement with Continental, too?

Mr. McGOLDRICK. I believe so; yes, sir.

The CHAIRMAN. What do you mean by "you believe so"?

Mr. McGOLDRICK. Well, Continental has never moved in on any of the States I service now. Whether they would then, if it was legal, I don't know.

Mr. SCHULTZ. The Senator's question is, Did you have any agreement—I think that was the question, wasn't it, Senator?

The CHAIRMAN. That is right.

Mr. McGOLDRICK. No.

Mr. SCHULTZ. Just answer the question.

Mr. McGOLDRICK. No.

The CHAIRMAN. All right, Mr. Robinson.

Mr. ROBINSON. What amount does Louis Simon at Milwaukee pay?

Mr. McGOLDRICK. Right now he is paying \$150 a week.

Mr. ROBINSON. He is a subdistributor there?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. Do you service Partnoy now?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. Had you ever serviced him?

Mr. McGOLDRICK. Yes.

Mr. ROBINSON. When?

Mr. McGOLDRICK. Well, all of 1949 and part of 1950, I believe.

Mr. ROBINSON. Is he a subdistributor?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. What sort of a machine does he have, a ticker—

Mr. McGOLDRICK. Teletype—

Mr. ROBINSON (continuing). Or Morse wire?

Mr. McGOLDRICK. No; a ticker.

Mr. ROBINSON. He does not have a Morse wire?

Mr. McGOLDRICK. No, sir. I have no Morse wires. All mine are tickers.

Mr. ROBINSON. All tickers?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. Where does he distribute now?

Mr. McGOLDRICK. Into towns.

Mr. ROBINSON. Just into towns?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. Not in any outside State?

Mr. McGOLDRICK. No, sir.

The CHAIRMAN. Excuse me for interrupting, but Partnoy and Harmony News have gone out of business temporarily.

Do they continue a franchise with you?

Mr. McGOLDRICK. No, sir.

The CHAIRMAN. They don't pay you anything at all?

Mr. McGOLDRICK. No, sir.

The CHAIRMAN. It stopped when Binaggio and Gargotta got killed or shortly after that?

Mr. McGOLDRICK. Right after that; yes, sir.

Mr. ROBINSON. Do you have a subscriber named Cawley in La Salle?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. You don't handle anything in Illinois?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. Do you know anything about Harry Hyman?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. You have never seen or talked to him?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. You know nothing about him whatsoever?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. You never made any inquiries about him?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. Have you ever heard anything about him?

Mr. McGOLDRICK. No, sir. I wouldn't know the man if he was sitting in the courtroom.

Mr. ROBINSON. No: I say, have you ever heard anything about him?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. Have you ever read anything about him?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. Do you know Pat Burns?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. Did you ever work for the R. & H. Co.?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. Was your agreement with Mr. Cohen oral or written?

Mr. McGOLDRICK. Oral.

Mr. ROBINSON. Do you have anything?

Mr. HALLEY. Yes. Senator, do you want to ask anything?

Mr. ROBINSON. Do you have a customer now by the name of Pioneer News in St. Louis?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. You don't service them?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. You never have?

Mr. McGOLDRICK. I never have.

The CHAIRMAN. You never did service California, did you?

Mr. McGOLDRICK. No, sir.

The CHAIRMAN. Did Jack Dragna, was it you that he worked for, or was that Universal Sports News, or Illinois?

Mr. McGOLDRICK. He never worked for me. I don't know the gentleman.

The CHAIRMAN. He never worked for you?

Mr. McGOLDRICK. No, sir.

The CHAIRMAN. What salary did you make before you bought this company out, Mr. McGoldrick?

Mr. McGOLDRICK. \$90 a week.

The CHAIRMAN. \$90. Did you have any money saved up, or were you just a poor boy?

Mr. McGOLDRICK. That is right.

The CHAIRMAN. Yes. This Mr. Henry Hilton that you got the \$3,000 from, you knew him to be the Continental lawyer, did you?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. How could you be sure of that?

Mr. McGOLDRICK. Well, through my brother. My brother knew him better than I did. He was much older than I.

The CHAIRMAN. But you saw him around in the Continental office?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. Did he have an office there, that he came to, to do some legal work?

Mr. McGOLDRICK. I believe so. He had an office there; yes, sir.

The CHAIRMAN. He had an office?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. Did he have his name on it?

Mr. McGOLDRICK. His name was on the inside door; yes.

The CHAIRMAN. I see. So you went to see him and got \$3,000?

Mr. McGOLDRICK. Yes.

The CHAIRMAN. How did you get it, by check?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. Personal check of his?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. Payable to you?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. And you got the \$3,000, and paid \$1,000 to Farrell, \$1,000 to Frestel, and \$1,000 to Kelly; that is, George Kelly?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. How did you pay them? Did you pay them in cash?

Mr. McGOLDRICK. No; check.

The CHAIRMAN. Check?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. What did you get from them in writing, any bill of sale?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. Or contract?

Mr. McGOLDRICK. A bill of sale.

The CHAIRMAN. Just that the out-of-State Midwest service is sold to you, is that right?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. Was the bill of sale to you as Ed McGoldrick?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. Where did the General News Service come in?

Mr. McGOLDRICK. I just got that name myself.

The CHAIRMAN. You formed that?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. Did you form a corporation?

Mr. McGOLDRICK. No, sir.

The CHAIRMAN. Did you get up a partnership agreement?

Mr. McGOLDRICK. No, sir.

The CHAIRMAN. How did you pick out the name General News?

Mr. McGOLDRICK. Well, I actually—my business is General News and that is the reason I got that, I guess it just came to me.

The CHAIRMAN. I see. Did you take your wife or anybody is as a partner with you?

Mr. McGOLDRICK. No, sir.

The CHAIRMAN. No partner at all?

Mr. McGOLDRICK. No, sir.

The CHAIRMAN. Then after that time, did you use the legal services of Mr. Hilton?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. What did you use his legal services for?

Mr. McGOLDRICK. Well, a number of things—different States I would like to go into, I would have him look up the law for me—oh, any number of things.

The CHAIRMAN. What are some of the other things? He would look up the law on California or Nebraska or somewhere else?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. When you got \$3,000, you of course understood between you and him that he would do your legal work for you?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. That was discussed, wasn't it?

Mr. McGOLDRICK. I told him I would need an attorney, would he work for me, and he said yes.

The CHAIRMAN. How much do you pay him per month as a retainer?

Mr. McGOLDRICK. Well, I gave him \$6,000—\$5,000 at one time and \$1,000 at another time.

Mr. ROBINSON. You have had this about 2 years, 1949 and 1950?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. So you gave him \$6,000 in 1949?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. \$5,000 in 1950.

Mr. McGOLDRICK. No, sir.

Mr. SCHULTZ. Did you give him any money in 1950?

Mr. McGOLDRICK. No, sir.

The CHAIRMAN. Was it a monthly retainer, \$500 a month, which would amount to \$6,000 a year?

Mr. McGOLDRICK. That is probably what it was. He said wait until you get on your feet and have enough money and then give it to me at one time.

The CHAIRMAN. Was the amount of the monthly retainer discussed?

Mr. McGOLDRICK. No; he just said \$6,000 retainer fee, that is all.

The CHAIRMAN. Per year or any particular job?

Mr. McGOLDRICK. Per year.

The CHAIRMAN. So your agreement is to pay him \$6,000 retainer fee per year?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. So far you have paid him just \$11,000?

Mr. McGOLDRICK. No, sir. I only used him in 1949.

The CHAIRMAN. What was the other \$5,000 for?

Mr. SCHULTZ. I think that was an error on the part of the witness, Senator.

The CHAIRMAN. You meant you had given him \$5,000 or \$6,000?

Mr. McGOLDRICK. No; I gave him a check for \$5,000 at one time and \$1,000 at another time, making a total of \$6,000.

Mr. SCHULTZ. I hope the Senator understands that I don't mean to testify.

The CHAIRMAN. I understand. That is quite all right. You have been very helpful.

So he was your lawyer for \$6,000 in 1949?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. What do you do with all this other money that you have made. You made \$1,800 a week there for quite a long time, didn't you?

Mr. McGOLDRICK. No; not all the time. Business fluctuated.

The CHAIRMAN. Well, an average, say, of \$1,500 a week?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. The first 2 weeks you made enough to pay off what you borrowed from Mr. Hilton, didn't you?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. Did you pay him back?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. How did you pay him, by check?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. Not by cash?

Mr. McGOLDRICK. No, sir.

The CHAIRMAN. Is he a member of a firm or did you deal with him just individually?

Mr. McGOLDRICK. With him alone.

The CHAIRMAN. Then from that time on, sometime until business got bad, you got \$1,500 or \$1,800 a week, didn't you?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. What did you do with that?

Mr. McGOLDRICK. I used some of it for my own personal use and the rest of it I left in the business.

The CHAIRMAN. Prior to you getting into this business, well—you said that this \$1,500 or \$1,800 was not on an average for some time?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. Prior to buying this business, how much did you say you made?

Mr. McGOLDRICK. \$90 a week.

The CHAIRMAN. \$80 a week or \$90?

Mr. McGOLDRICK. \$90 a week.

The CHAIRMAN. So then you got up from \$90 a week to \$1,500 or \$1,800 a week?

Mr. McGOLDRICK. That \$1,500 or \$1,800, Senator, at the end of the month, you have other obligations, such as the wire bill which would run you, well, it would vary, anywhere from \$2,300 to \$2,400 a month.

The CHAIRMAN. Well, I thought you said, though, that your gross take-in was some amount at that time up around \$2,800 or \$3,000, and that your net, I believe that is what he said, Mr. Schultz—

Mr. SCHULTZ. May I suggest to the Senator—

The CHAIRMAN. And net was \$1,500 or \$1,800.

Mr. SCHULTZ. May I suggest, Senator, that all of the books and records have been submitted to the committee.

The CHAIRMAN. I am just asking him. We do have the books and records, and if that isn't correct, you say so. We don't want to have you testify to something that isn't so.

Mr. MCGOLDRICK. I don't think the \$1,500 was actually net at the time, Senator.

The CHAIRMAN. What do you think would be the net?

Mr. MCGOLDRICK. Off hand, I would have to see the books before I give you an exact figure. I would be scared to say.

The CHAIRMAN. What do the books show?

Mr. ROBINSON. At the time—I recall at the time we talked to Mr. McGoldrick those were the figures that we agreed upon from cursory examination of the books.

The CHAIRMAN. Well anyway, the amount from \$90 a week did get substantially higher, way up to a considerably larger amount, didn't it?

Mr. MCGOLDRICK. Yes, sir.

The CHAIRMAN. What did you do with that difference?

Mr. MCGOLDRICK. Well, some of the money I still have. The rest of it I used for living expenses.

The CHAIRMAN. You haven't thought that you should give these fellows any more than \$3,000?

Mr. MCGOLDRICK. No, sir; no, sir. I gave nobody nothing.

The CHAIRMAN. I have never understood exactly who is to decide whether you pay \$500, which is the minimum the Illinois News Association would charge you, or \$2,000, which is the highest.

Mr. MCGOLDRICK. Well, it would be just a gentleman's agreement whereby I tell them that my business has increased or my business has fallen off.

The CHAIRMAN. So you would discuss that from time to time?

Mr. MCGOLDRICK. Yes, sir.

The CHAIRMAN. And have you raised it from \$500 at any time?

Mr. MCGOLDRICK. Oh, yes; I have raised it up as high as \$2,000.

The CHAIRMAN. You have raised it as high as \$2,000?

Mr. MCGOLDRICK. Yes, sir.

The CHAIRMAN. When did that come about?

Mr. MCGOLDRICK. Six or seven months after I was in business, I believe.

The CHAIRMAN. Did they tell you they wanted it up to \$2,000?

Mr. MCGOLDRICK. No. I went over and discussed it with George Kelly, that my business has increased, that I am in a position now to pay a little more.

The CHAIRMAN. Who has the final say-so about whether it is going to be \$500 or \$2,000?

Mr. MCGOLDRICK. I believe George and his partners, whoever owns Illinois Sports News.

The CHAIRMAN. So it is really up to them to set the figure between \$500 and \$2,000?

Mr. MCGOLDRICK. Yes.

The CHAIRMAN. They consult with you about how business is; if it is good they put it up to \$2,000; if it is not so good they put it down to \$500? Is that correct?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. You were at their mercy, of course. They could just cut off the service?

Mr. McGOLDRICK. That is right.

The CHAIRMAN. Now, this General News Service, did you start a bank account for that which you deposited in a bank for General News Service?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. And you write checks on that account for your expenses?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. That was separate from your own personal bank account?

Mr. McGOLDRICK. No; it was all one. I have no personal checking account.

The CHAIRMAN. You just operate out of this bank account? You pay the grocery bill and pay the wire service bills out of there?

Mr. McGOLDRICK. No; I take the drawing check each week out of the business, and then when the bank account builds up whereby there is a substantial amount in, I take a large amount out.

The CHAIRMAN. What do you draw out of the account for your personal expenses every week?

Mr. McGOLDRICK. Oh, approximately a hundred dollars a week.

The CHAIRMAN. When it builds up, and you think it can stand more, you draw out an additional amount; is that correct?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. What is the additional amount you draw out, large amounts?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. How large?

Mr. McGOLDRICK. \$6,000.

The CHAIRMAN. \$6,000. When did you do that?

Mr. McGOLDRICK. Well, I did it twice, once in 1949 and once in 1950.

The CHAIRMAN. What did you do with that \$6,000? Did you pay the lawyer?

Mr. McGOLDRICK. No, sir; I used it for living expenses, and some of it I still have.

The CHAIRMAN. You just have it in cash?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. How much family have you, Mr. McGoldrick?

Mr. McGOLDRICK. Just my wife.

The CHAIRMAN. How old are you, sir?

Mr. McGOLDRICK. Thirty-nine.

The CHAIRMAN. Have you bought a new automobile?

Mr. McGOLDRICK. No, sir; I bought one in 1946.

The CHAIRMAN. What kind?

Mr. McGOLDRICK. Buick.

The CHAIRMAN. What is your address now?

Mr. McGOLDRICK. 10153 South Eberhart.

The CHAIRMAN. South what?

Mr. McGOLDRICK. South Eberhart.

The CHAIRMAN. How long have you been living there?

Mr. McGOLDRICK. A year in September.

The CHAIRMAN. Where did you live before?

Mr. McGOLDRICK. 753 East Seventy-ninth Street.

The CHAIRMAN. Did you own the house at East Seventy-ninth Street?

Mr. McGOLDRICK. No, sir; that was an apartment building.

The CHAIRMAN. That was an apartment building?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. Now, on Eberhart, that is a house?

Mr. McGOLDRICK. That is a three-flat.

The CHAIRMAN. What do you mean, a three-way house?

Mr. McGOLDRICK. Three stories high.

The CHAIRMAN. Do you own that?

Mr. McGOLDRICK. No, sir.

The CHAIRMAN. Is it cooperative?

Mr. McGOLDRICK. No, sir.

The CHAIRMAN. You just rent the apartment there?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. What rent do you pay?

Mr. McGOLDRICK. Sixty-five dollars a week—a month.

The CHAIRMAN. Sixty-five dollars a month? What rent did you pay where you lived before?

Mr. McGOLDRICK. Twenty-three dollars a week.

The CHAIRMAN. That is about the same, a little bit more, isn't it?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. You live rather economically for a man making a thousand to \$1,500 a week.

Mr. McGOLDRICK. Well, I have nice clothes and my wife has nice clothes, and we have a nicely furnished apartment.

Mr. HALLEY. I am looking at your account for May of 1949. It seems that month you were charging Omaha \$600 a month, is that right?

Mr. McGOLDRICK. A week.

Mr. HALLEY. A week?

Mr. McGOLDRICK. Yes, sir.

Mr. HALLEY. And Milwaukee, was that \$54 a week?

Mr. McGOLDRICK. Yes, sir.

Mr. HALLEY. What did you have at Milwaukee at that time?

Mr. McGOLDRICK. Nothing at that time. He was down maintaining the wire.

Mr. HALLEY. And trying to get the charges—Kansas City was paying a hundred dollars a week?

Mr. McGOLDRICK. Yes, sir.

Mr. HALLEY. Tulsa. \$162?

Mr. McGOLDRICK. Yes, sir.

Mr. HALLEY. And Wichita, \$162?

Mr. McGOLDRICK. Yes, sir.

Mr. HALLEY. Gary, Ind., was paying \$500 a week?

Mr. McGOLDRICK. Yes, sir.

Mr. HALLEY. Was that Sioux City, \$356 a week?

Mr. McGOLDRICK. Yes, sir.

Mr. HALLEY. Kenosha paid \$237 a week? Is that right?

Mr. McGOLDRICK. Yes, sir; \$200, and the other \$37 is tax.

Mr. ROBINSON. Mr. McGoldrick, when you worked for Illinois News Association, I believe you stated you were a road man. Did that involve collecting?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. From whom?

Mr. MCGOLDRICK. Bookmakers.

Mr. ROBINSON. And where was your territory?

Mr. MCGOLDRICK. The West Side of Chicago.

Mr. ROBINSON. Did you have collectors for other areas, split up into areas?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. Was Mr. George Kelly owner of the company at that time?

Mr. MCGOLDRICK. No, sir.

Mr. ROBINSON. Who was the owner?

Mr. MCGOLDRICK. Stedman Hayden.

Mr. ROBINSON. Hayden?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. Didn't Hayden work for George Kelly?

Mr. MCGOLDRICK. Not to my knowledge. I don't know, sir.

Mr. ROBINSON. How many people do you employ in your business?

Mr. MCGOLDRICK. Well, I have had as high as five and six. Some of them I have laid off due to the fact business has fallen off.

Mr. ROBINSON. That is the maximum you have had; five and six?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. When you took over the business, was your total customers about 12 or 16?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. And you increased that to about 20 or 22?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. When you had your discussion with Mr. Farrell about the purchase of the business, you say you first heard around the office that he wanted to sell a part of the business?

Mr. MCGOLDRICK. Yes, sir.

Mr. ROBINSON. Do you recall how you heard that?

Mr. MCGOLDRICK. I just heard him and Mr. Frestel talking at the desk about it.

Mr. ROBINSON. Was there any reason given as to why they wanted to sell that part of their business?

Mr. MCGOLDRICK. Not to my knowledge; no, sir.

Mr. ROBINSON. You know nothing about that?

Mr. MCGOLDRICK. No, sir.

Mr. ROBINSON. Was there any conversation to the effect that they wanted to get out of the interstate part of their business?

Mr. MCGOLDRICK. No, sir. I didn't hear any discussion, sir.

Mr. ROBINSON. You heard nothing along that line?

Mr. MCGOLDRICK. No, sir.

Mr. ROBINSON. Did you ever talk to Mr. John Scanlon?

Mr. MCGOLDRICK. No, sir.

Mr. ROBINSON. At the time that you were considering purchasing part of the business?

Mr. MCGOLDRICK. No, sir.

Mr. ROBINSON. You had no discussion with him?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. Did you know him?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. And did Mr. Ed Lenz work for you?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. Why did you employ him?

Mr. McGOLDRICK. Well, I was rather new in the business, and didn't know too much about it, and I hired him and asked him if he would work for me in an advisory capacity. He had been in the business for so long, he knew all of these customers.

Mr. ROBINSON. Wasn't it true that he, for the period of time that he was with you, practically ran the business for you?

Mr. McGOLDRICK. No, sir. I consulted him quite often, but I used my own discretion on what I wanted to do. I would ask him and take some of his suggestions.

Mr. ROBINSON. You had not had too much experience in running the business yourself?

Mr. McGOLDRICK. No, sir.

Mr. ROBINSON. Did you consult with either Tom or George Kelly about the running of your business?

Mr. McGOLDRICK. I have talked to them at different times.

Mr. ROBINSON. Get suggestions from them?

Mr. McGOLDRICK. Yes, sir.

Mr. ROBINSON. Or get some helpful suggestions on how to run the business?

Mr. McGOLDRICK. Yes.

Mr. ROBINSON. Have you done that all along?

Mr. McGOLDRICK. At different times when something would come up; yes.

Mr. ROBINSON. That is about all that I have.

The CHAIRMAN. Do you have the whole territory west of the Mississippi River?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. Is that all your territory?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. You get up to Calumet Falls and Seattle?

Mr. McGOLDRICK. No, I haven't got Nevada. I can't go into Nevada.

The CHAIRMAN. I know, but if you could get in, that is your territory?

Mr. McGOLDRICK. Yes, sir.

The CHAIRMAN. You do get up to Calumet Falls and Seattle, don't you?

Mr. McGOLDRICK. No, sir; nothing up there at all; never did.

The CHAIRMAN. Never did have anything up there?

Mr. McGOLDRICK. No, sir.

The CHAIRMAN. And someplace in Montana, don't you have—

Mr. McGOLDRICK. Well, we tried to get in Montana, but we never were successful.

The CHAIRMAN. Do you serve Phoenix, Tucson?

Mr. McGOLDRICK. No, sir.

The CHAIRMAN. You did, didn't you?

Mr. McGOLDRICK. No, sir.

The CHAIRMAN. Who did?

Mr. MCGOLDRICK. That I don't know, sir.

The CHAIRMAN. But is it part of your understanding with the people you bought from that you would have all the territory west of the Mississippi?

Mr. MCGOLDRICK. Yes, sir. I would take over the States that they had, and if I wanted to go in they said I could.

The CHAIRMAN. If you wanted any other States——

Mr. MCGOLDRICK. Yes, sir.

The CHAIRMAN (continuing). That would be exclusively yours?

Mr. MCGOLDRICK. Yes, sir.

The CHAIRMAN. And they were not to compete with you?

Mr. MCGOLDRICK. Yes, sir.

The CHAIRMAN. What if you expanded your business so that \$2,000 would not be sufficient? What would you do then?

Mr. MCGOLDRICK. Well, George and I would have to sit down and discuss a new rate, I suppose.

Mr. CHAIRMAN. You would be willing to discuss a new rate with him?

Mr. MCGOLDRICK. Yes, sir.

The CHAIRMAN. And in turn you are not supposed to buy news service from anybody else; is that correct?

Mr. MCGOLDRICK. That is right.

The CHAIRMAN. You are to get compensation depending on how you expand your business and how big it is?

Mr. MCGOLDRICK. Yes, sir.

The CHAIRMAN. How many States you operate in?

Mr. MCGOLDRICK. Yes, sir.

The CHAIRMAN. And you are to do all your buying from the Illinois News Service?

Mr. MCGOLDRICK. Yes, sir.

The CHAIRMAN. All right; that is all then, Mr. McGoldrick.

Mr. HALLEY. Thank you.

The CHAIRMAN. Thank you, Mr. Schultz.

(Witness excused.)

We have decided that, since we are going to have a pretty long day anyhow, we will probably go on until about 6:30 this afternoon instead of taking off and coming back after supper for a night session. I think we can get in as much time, and it would probably be more convenient for everybody here.

I think I should also say, since there has been some inquiry about whether Virginia Hill would testify, being here to testify, Mr. Robinson had been in touch with Miss Hill and thought she would feel well enough to come out to testify. We have since, though, received a certificate, which appears to be authentic, from her physician to the effect that he thinks it would be dangerous to her health at this time to testify, so that Miss Hill will not be here to testify, but she will testify before the committee somewhere at a later time.

I think I should also state that it appears members of our staff are in some uncertainty as to whether the Owl Club, which was mentioned yesterday as being one of Mr. Accardo's places, was at the address given, or whether it was in Calumet City. The address given was on the income-tax return, but our information is that that may have been a mistake, that there is an Owl Club in Calumet City, so we are

not absolutely certain as to whether the address given was the correct address or not.

On the advice of counsel, and of course the chairman knows more about the raising of children than counsel, but he called my attention to the fact that Virginia Hill's child was only born 3 weeks ago, and we think it not unreasonable to grant her request based upon her physician's statement that she be given more time to recover and not be subjected to testimony at this time if she feels, and her physician certifies to her physical condition, that she shouldn't come in.

We will stand in recess until 15 minutes of 2.

(Whereupon a recess was taken, to reconvene at 1:45 p. m. of the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order, please.

Mr. HALLEY. Let us get Henry Hilton.

The CHAIRMAN. It was brought to the chairman's attention this morning that George W. Parker, of the Cook County sheriff's office, representing Sheriff Babb, has been in the committee room during the hearing, and we are delighted to have him here.

Also Marshal Pajakowski, the marshal for the northern district of Indiana, who has been quite helpful to the committee, is honoring us with his presence.

That name is spelled P-a-j-a-k-o-w-s-k-i. That is not quite as bad as Kefauver. This is the marshal sitting up here [indicating].

Where are you, Mr. Parker?

Mr. PARKER. Right here, sir.

The CHAIRMAN. We are delighted to have you with us, Mr. Parker, you and the sheriff.

Mr. PARKER. Thank you, sir.

The CHAIRMAN. Mr. Hilton, will you be sworn, please? Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HILTON. I do.

TESTIMONY OF HENRY M. HILTON, ATTORNEY, CHICAGO, ILL.

Mr. HALLEY. Your full name is Henry M. Hilton?

Mr. HILTON. Right.

Mr. HALLEY. And you are an attorney?

Mr. HILTON. An attorney at law; yes, sir.

Mr. HALLEY. What is your address, sir?

Mr. HILTON. 134 North La Salle Street, Chicago, Ill.

Mr. HALLEY. Do you represent the Continental Press?

Mr. HILTON. I do.

Mr. HALLEY. How long have you so represented them?

Mr. HILTON. Since about August of 1945 to the present date.

Mr. HALLEY. What type of work do you do for Continental?

Mr. HILTON. General law work.

Mr. HALLEY. Do you have an office on their premises?

Mr. HILTON. Yes, sir.

Mr. HALLEY. Do you do other work besides your work for Continental?

Mr. HILTON. Yes, sir.

Mr. HALLEY. You have other clients?

Mr. HILTON. That is right.

Mr. HALLEY. In connection with your work for Continental, are you able to give the committee any light on the competitive situation in the wire services during the years 1946 to 1947?

Did you have any conversations with Mr. Ragen or others that would throw some light on the competition between Continental and Trans-American?

Mr. HILTON. That is a pretty broad question you are asking me, sir.

Mr. HALLEY. I am asking you it that way because you are an attorney, and I feel you can probably answer it.

Mr. HILTON. Even though I am an attorney, it should be some definite question.

Mr. HALLEY. That is the question.

Mr. HILTON. I can't answer it.

Mr. HALLEY. Well, did you ever hear of the Trans-American Press?

Mr. HILTON. Yes, sir; I did.

Mr. HALLEY. When did you first hear of it?

Mr. HILTON. Sometime about May of 1946.

Mr. HALLEY. Did you ever have any conversations about it with Mr. Ragen, James Ragen, Sr.?

Mr. HILTON. Yes, sir; I did.

Mr. HALLEY. Well, when was the first conversation?

Mr. HILTON. About May 1946, when Trans-American was incorporated, I checked up with the secretary of the State of Delaware and got the incorporation set up.

Mr. HALLEY. Did you do that at the request of Mr. Ragen?

Mr. HILTON. Yes, sir.

Mr. HALLEY. Did you, at that time or prior to that time, have any conversation with anybody of R. & H. Publishing Co.?

Mr. HILTON. No, sir; I did not. I didn't hear of R. & H. at any time at that time.

Mr. HALLEY. Did he talk about Hymie Levin's wire service?

Mr. HILTON. He talked about a wire service. I don't know whether he referred to Hymie Levin's wire service or not.

Mr. HALLEY. What did he tell you about the wire service?

Mr. HILTON. It was a competing wire in the city of Chicago.

Mr. HALLEY. Well, wasn't there a wire that worked—

The CHAIRMAN. You mean, that was before—

Mr. HILTON. I take it he is asking before Trans-American; is that right?

Mr. HALLEY. Yes.

Mr. HILTON. That is my answer.

Mr. HALLEY. Before the Trans-American was organized, wasn't there a wire in the city of Chicago that Mr. Ragen felt he should sever from his distribution system?

Mr. HILTON. That he should sever from his—

Mr. HALLEY. Yes.

Mr. HILTON. It wasn't connected with him. It was a competitive wire service.

Mr. HALLEY. There was a wire service that purchased news from him, was there not?

Mr. HILTON. That I can't answer. I understood there was a competing wire. Where they got their news, I don't know.

Mr. HALLEY. Well, they competed after he cut them off, didn't they?

Mr. HILTON. I don't know that he cut them off. My idea is there was a competitive service at the same time that Mr. Ragen's service—

Mr. HALLEY. When did the competitive service begin to compete?

Mr. HILTON. Well, I went in the business in 1945. In August of 1945—I understand it was in business then.

Mr. HALLEY. You understand in August of 1945 there was a competitive service?

Mr. HILTON. Or shortly thereafter; yes, sir.

Mr. HALLEY. What was the name of that service; did you know?

Mr. HILTON. I haven't any idea; no, sir.

Mr. HALLEY. Who was operating that service?

Mr. HILTON. That I can't answer except by hearsay or guesswork. You referred to Hymie Levin. I heard that around the street.

Mr. HALLEY. What did you hear from Mr. Ragen?

Mr. HILTON. I don't think Mr. Ragen ever told me who was operating the business.

Mr. HALLEY. Did Mr. Ragen during 1945 and 1946 tell you that he had had conversations with J. Edgar Hoover?

Mr. HILTON. No, sir; he did not.

Mr. HALLEY. Did he mention that he had complained to the Federal Bureau of Investigation?

Mr. HILTON. Yes, sir; I know that he had done that.

Mr. HALLEY. What did he tell you about his complaints to the Federal Bureau of Investigation?

Mr. HILTON. All I know is he had conversation with several FBI men, and I don't know what he said or they said. I was never taken into that confidence.

Mr. HALLEY. Did he talk to you about the general subject of whether or not he should have conversations with the FBI?

Mr. HILTON. You mean, did he ask my advice?

Mr. HALLEY. Yes.

Mr. HILTON. The answer is "No."

Mr. HALLEY. Did he tell you in any way at all anything about the conversations with the FBI?

Mr. HILTON. No, sir; he did not.

Mr. HALLEY. Was he afraid of bodily harm, to your knowledge, before he was shot?

Mr. HILTON. The first time I knew he was afraid of bodily harm was about April of 1946, when he came in one day and had reported that somebody had chased him in an automobile. He went into the Morgan Park police station. From there he was sent to the detective bureau, and a police officer was assigned to protect him.

Mr. HALLEY. Why do you think he was killed?

Mr. HILTON. I have no answer for that.

Mr. HALLEY. Do you think it had any connection with the wire service?

Mr. HILTON. It might have been one of a thousand things. I wouldn't know.

Mr. HALLEY. You just don't think you can help the committee out on that?

Mr. HILTON. Why he was killed? No, sir; I cannot. Better minds than mine have tried to figure it and can't.

Mr. HALLEY. During this period did you have any contacts with the competitive wire service?

Mr. HILTON. No, sir.

Mr. HALLEY. None whatsoever?

Mr. HILTON. None whatsoever. I wouldn't know the men if they were sitting here alongside of you.

Mr. HALLEY. You still work for Continental; is that right?

Mr. HILTON. Right.

Mr. HALLEY. There came a time when the competitive wire service went out of business; is that right?

Mr. HILTON. Yes, sir.

Mr. HALLEY. Were there any conversations about the question of whether or not Continental should or could resume its business relationship with various distributors who had gone over to the Trans-American?

Mr. HILTON. No conversations with me of any kind along that line, Mr. Halley.

Mr. HALLEY. Is it your position that you were not consulted about policy matters?

Mr. HILTON. That is right.

Mr. HALLEY. Well, you did certain specific jobs; is that right?

Mr. HILTON. That is right.

Mr. HALLEY. Then one of them was to act as attorney for Continental in the purchase of property; is that correct?

Mr. HILTON. Yes, sir.

Mr. HALLEY. In how many different cases did you handle property purchases?

Mr. HILTON. One at Louisville; one at Cicero, Ill.; and I guess there were a couple in the East that I transferred or was instrumental in transferring over.

Mr. HALLEY. To Continental?

Mr. HILTON. To Eddie McBride personally.

Mr. HALLEY. These are houses from which various field men work when they are observing the operations at the race track; is that right?

Mr. HILTON. No, sir. The one at Cicero was bought and never used for any purpose. It was rented out and sold a short time after. The one in Louisville, I don't know whether it was ever used for men working as you say. The ones in New York I don't know anything about.

Mr. HALLEY. Wasn't there a news-gathering crew in Cicero that was thrown in jail in April of 1946 just after the house was purchased?

Mr. HILTON. Yes, sir; but they weren't working from that house, Mr. Halley. This house I bought was at 3236 South Court, Cicero, and they were working about four houses south of that.

Mr. HALLEY. After they were picked up, no effort was ever made to use the house you bought?

Mr. HILTON. Never used for that purpose; no, sir.

Mr. HALLEY. And Continental got rid of it?

Mr. HILTON. That is right. It wasn't necessary to use the house. Illinois Sports News got an injunction the following Monday against the authorities of Cicero interfering with them getting news from the track.

Mr. HALLEY. Do you think in your application for that injunction—

Mr. HILTON. I didn't make the application for injunction. Somebody else made it.

Mr. HALLEY. Who did?

Mr. HILTON. Floyd Thompson.

Mr. HALLEY. Did you ever discuss it?

Mr. HILTON. Yes, sir.

Mr. HALLEY. Was there any discussion about whether or not Continental should claim that the arrests in Cicero were made to help a rival company?

Mr. HILTON. Continental was not in that picture at that time, Mr. Halley. That was the Illinois Sports News. Continental did not participate in that.

Mr. HALLEY. Illinois Sports News was a distributor for Continental?

Mr. HILTON. That is right.

Mr. HALLEY. And also purchased from Continental?

Mr. HILTON. That is right.

Mr. HALLEY. And they were rather closely associated, weren't they? They had the same interests generally, would you say?

Mr. HILTON. Yes, sir.

Mr. HALLEY. One couldn't very well operate without the other?

Mr. HILTON. I wouldn't say that.

Mr. HALLEY. Well, Illinois couldn't operate very well without Continental, could it?

Mr. HILTON. Illinois could operate without Continental. They would get their news from some place else.

Mr. HALLEY. Where could they get it?

Mr. HILTON. Your guess is as good as mine.

Mr. HALLEY. They would have to go out and spend a lot of money and set up a news-gathering agency?

Mr. HILTON. At that time, I think there was a competitor in business.

Mr. HALLEY. They could go over to Trans-American?

Mr. HILTON. That is right.

Mr. HALLEY. Isn't it the very point that the competitor was supposed to have instigated these arrests in Cicero?

Mr. HILTON. That would call for a conclusion on my part, and I couldn't answer that correctly.

Mr. HALLEY. Isn't that the conjecture you wanted drawn when you got your injunction in Cicero?

Mr. HILTON. No, no.

Mr. HALLEY. Does Continental today own any property from which—

Mr. HILTON. I didn't get your question, Mr. Halley.

Mr. HALLEY. Does Continental today own property adjacent to various racetracks?

Mr. HILTON. I think Eddie McBride owns it; yes.

Mr. HALLEY. And is that property used for the gathering of news?

Mr. HILTON. I couldn't answer the question honestly, Mr. Halley, because I have never been there when the tracks were in operation.

Mr. HALLEY. Isn't it a fact that those are the premises from which the various news-gathering crews operate?

Mr. HILTON. No; I would say absolutely not. We have a place outside of Jamaica race track that has never been used for the gathering of news.

Mr. HALLEY. What do you use it for?

Mr. HILTON. We have a piece of property. We haven't tried to sell it.

Mr. HALLEY. You never make any use of its whatsoever?

Mr. HILTON. It is rented out now.

Mr. HALLEY. To whom?

Mr. HILTON. That, I can't answer.

Mr. HALLEY. Do you have property adjacent to other tracks besides Jamaica?

Mr. HILTON. Yes; there is a piece of property at Tanforan. It has never been used for gathering news.

Mr. HALLEY. Is there property around the Miami race track?

Mr. HILTON. Sir?

Mr. HALLEY. Is there property around the Miami race track?

Mr. HILTON. I can't answer that.

Mr. HALLEY. You just don't know?

Mr. HILTON. No.

Mr. HALLEY. But, do you know whether or not the purpose when you purchased the property in Cicero, and the property at Louisville, was to use it in connection with the news-gathering activity?

Mr. HILTON. I assume that we would have used it if we had to.

Mr. HALLEY. Did you have any other purpose in purchasing?

Mr. HILTON. No.

Mr. HALLEY. Did you also handle the retention and payment to various other counsel for Continental?

Mr. HILTON. Yes, sir.

Mr. HALLEY. On one occasion did you make payment to Atkinson & Atkinson, Florida attorneys?

Mr. HILTON. Yes, sir.

Mr. HALLEY. Was that for a fee which was to go to Vincent Giblon?

Mr. HILTON. Mr. Giblon called me from Miami and directed me to send the money to Atkinson & Atkinson at Tallahassee.

Mr. HALLEY. Who was doing the work, Atkinson or Giblon?

Mr. HILTON. To the best of my knowledge, they were working on something.

Mr. HALLEY. What on?

Mr. HILTON. I have no idea.

Mr. HALLEY. Wasn't it the proposed legislation to outlaw the wire service in Florida.

Mr. HILTON. That was up about that time.

Mr. HALLEY. Does Continental have any operation in Florida or did it at that time?

Mr. HILTON. No, sir; that was some time in —

Mr. GALLAGHER. What was the date?

Mr. HILTON. Have you got a date on that?

Mr. HALLEY. I was going to ask the date. I think it is 1948 or 1949.

Mr. GALLAGHER. 1949, and at that time Continental Press had no operation in Florida.

Mr. HALLEY. You had none in 1948?

Mr. GALLAGHER. Yes, in 1948; they had until the 22d of December 1948.

Mr. HALLEY. Was that a news-gathering organization?

Mr. GALLAGHER. Gathering and sending. After December 22, 1948, that was turned over to the Howard Sports Daily out of Baltimore.

Mr. HALLEY. They did the gathering?

Mr. GALLAGHER. Gathering and sending.

Mr. HALLEY. Now, the law in Florida was one which would bar the sending of racing wire news; is that not right?

Mr. GALLAGHER. After July 1949.

Mr. HALLEY. I assume that the witness can answer some of the questions.

Mr. GALLAGHER. I was just trying to be of help.

Mr. HILTON. I thought I answered most of them up to now, except that one question, Mr. Halley.

Mr. HALLEY. Will you answer that one?

Mr. HILTON. Will you read the question again?

(Question read.)

Mr. HALLEY. Is that right?

Mr. HILTON. Well, I think it had something to do with the news within the State of Florida and it didn't affect interstate news, and it would become operative July 1 of 1949.

Mr. GALLAGHER. Mr. Chairman, may I make a statement at this point?

The CHAIRMAN. All right, Mr. Gallagher.

Mr. GALLAGHER. The Florida law which was passed in July of 1949 requires anybody who wants to obtain a leased wire service to apply to their commission, and if their commission believes that the news is going to facilitate gambling, they probably will deny a license. The only exception in the statute is a recognized press association, under whatever predicate they determine is a recognized press association, but that law did not come in effect until sometime after the Continental Press had sent news into and gathered it from the State of Florida.

Mr. HALLEY. Now, wasn't Giblon and Atkinson really acting for Intra-State News, and Howard, which operated in Florida at the time?

Mr. HILTON. I don't know, Mr. Halley. I can't answer that question.

Mr. HALLEY. Was the payment made for services being rendered Continental or for services being rendered to the company which operated in the State of Florida?

Mr. HILTON. All I know is that Mr. Giblon called me and asked me to send a check. I did, as was directed.

Mr. HALLEY. Did you speak to any of your superiors at Continental?

Mr. HILTON. No, I took Mr. Giblon's word for it, and sent it down there.

Mr. HALLEY. Well, the check was for \$10,000, was it not?

Mr. HILTON. That is right.

Mr. HALLEY. Now, you knew that Continental had, as of January 1, 1949, given up all of its interests in Florida?

Mr. HILTON. That is correct.

Mr. HALLEY. And what I am trying to find out is why, then, you saw fit to pay a \$10,000 fee in connection with what appears to be lobbying with reference to legislation in Florida?

Mr. HILTON. I would not agree with you that it was lobbying.

Mr. HALLEY. What was it?

Mr. HILTON. We don't do anything like that.

Mr. HALLEY. I am sure you don't. What was it, then?

Mr. HILTON. I think you have got your dates mixed up there; I think that check was sent down in June of 1948, isn't that what your notes say, June of 1948, not 1949?

Mr. HALLEY. What makes you feel that that is the date?

Mr. HILTON. Well, I was asked the same question when I was in with Robinson and Mr. Garrett, and I think I checked it. I think I am pretty certain it was June, Mr. Halley.

Mr. HALLEY. Of 1948?

Mr. HILTON. Yes, sir. December 1948. Continental did not go out of there until December 1948.

Mr. HALLEY. You then felt that Continental had a proper interest in the operation in Florida?

Mr. HILTON. I would say, "Yes."

Mr. HALLEY. We don't have the exact date of that check. In any event, did Giblon ever appear as an attorney for Continental.

Mr. HILTON. You are asking for my own recollection. I cannot answer that, Mr. Halley.

Mr. HALLEY. And did Atkinson & Atkinson ever appear as attorneys for Continental?

Mr. HILTON. I can't answer that.

Mr. GALLAGHER. May I ask a question?

Mr. HALLEY. Yes.

Mr. GALLAGHER. You mean, did they ever appear where?

Mr. HALLEY. Anywhere.

Mr. GALLAGHER. I think the books and records of the Continental Press reflect that Mr. Giblon was paid fees for several years by Continental Press.

Mr. HALLEY. Why can't the attorney for Continental remember those things?

Mr. HILTON. I am not familiar with those things. I have never seen a set of books of Continental Press.

Mr. GALLAGHER. I talked to the bookkeeper.

The CHAIRMAN. Just a minute. The question was what he did for this \$10,000 he got. That is what we want to know.

Mr. HILTON. I cannot answer it, Senator.

Mr. HALLEY. Why was the payment made through you, rather than directly from Continental?

Mr. HILTON. I was the only one available, I believe, at the time.

Mr. HALLEY. Could not you get somebody to write a Continental check?

Mr. HILTON. I don't think Mr. Giblon could arouse anybody in Cleveland at the time, so he called me.

Mr. HALLEY. Wasn't there anybody in the office of Continental of Chicago that would write a check—could write a check for \$10,000?

Mr. HILTON. No, sir. To begin with, they don't write Continental checks in Chicago. Mr. Kelly countersigns checks in Chicago.

Mr. HALLEY. You were not in a position to get a check written in Cleveland for \$10,000?

Mr. HILTON. No, sir.

Mr. HALLEY. You did that on your own authority?

Mr. HILTON. That is right.

Mr. HALLEY. That was not to cover the fact that Continental was hiring Giblon and the Atkinsons for the job?

Mr. HILTON. It never had entered my mind.

Mr. GALLAGHER. I would like to ask what you mean by covering up, for what job?

Mr. HALLEY. The next question is—

Mr. GALLAGHER. Mr. Hilton testified he doesn't know what he was hired for.

The CHAIRMAN. Just a minute, Mr. Gallagher. Mr. Hilton testified he took it on his own authority, without talking to anybody, and sent \$10,000, and presumably he got reimbursement from Continental.

The matter was of great emergency or urgency, and he could not arouse anybody in Cleveland, to get them up, so it must have been some particular reason why he wanted to get \$10,000 in a hurry.

We haven't gotten out what it is yet.

Mr. GALLAGHER. I think it could be very easily clarified, Senator, if you asked Mr. Hilton, did he know that Mr. Giblon had handled Continental's problems for several years in Florida?

The CHAIRMAN. Yes; but we are talking about, of course, a rather emergency \$10,000 that apparently had to be sent down at once.

Suppose we proceed with Mr. Hilton, and I think we will get along all right, and then when we get through, if you think matters haven't been sufficiently clarified, if you bring them out then—

Mr. GALLAGHER. Thank you.

The CHAIRMAN. All right, Mr. Halley.

Mr. HALLEY. Mr. Hilton—

Mr. HILTON. Yes, sir.

Mr. HALLEY. Did you represent Sylvester Farrell in a suit against Daniel Serritella?

The chairman would like to know first why you had to get the \$10,000 down to Florida in such a rush?

Mr. HILTON. I don't know. I got a call to send it. I sent it, that is all I had to say, Senator.

Mr. HALLEY. Didn't you ask Giblon what the emergency was?

Mr. HILTON. No, sir.

The CHAIRMAN. Was this on a Sunday or Saturday some time when the office wasn't open?

Mr. HILTON. No; I don't think so, Senator.

The CHAIRMAN. Is it your practice—you were reimbursed for this \$10,000, I suppose, weren't you?

Mr. HILTON. Yes, sir.

The CHAIRMAN. And you didn't get authority from anyone to send it?

Mr. HILTON. No, sir.

The CHAIRMAN. Is it your practice to send out fees of that size without at least talking it over with somebody in the organization?

Mr. HILTON. I don't think I have ever sent anything that large to anybody before or since, but the fact that it came from Mr. Giblon—I just sent it, knowing Mr. Giblon.

The CHAIRMAN. Did you make an effort to contact Mr. Kelly or Mr. McBride or anybody about it?

Mr. HILTON. Not at the time; no, sir. Kelly wasn't around, and I took it upon myself to send it.

The CHAIRMAN. How much is your salary a year?

Mr. HILTON. I ranged anywhere—the first year—

The CHAIRMAN. Well, about an average. I am not pinning you down. How much do you usually get a year by way of legal compensation from Continental?

Mr. HILTON. I average around \$12,000 a year.

The CHAIRMAN. Mr. Hilton, there must be some explanation of how you would take it on yourself without consultation with anybody to feel that there was an urgent situation where you had to send \$10,000 to Florida, which is almost as much as you made out of it yourself a year. I am not saying there is anything wrong with it, but we just—

Mr. HILTON. I don't see anything wrong with it. I just did it, that is all.

The CHAIRMAN. Why would you do it? Why wouldn't you wait until Monday when you could get in touch with the office?

Mr. HILTON. I thought I had authority to do it and I just went upon my own authority and did it, on my own initiative and did it.

The CHAIRMAN. On your own bank account?

Mr. HILTON. That is right, knowing I'd get it back, and I did.

The CHAIRMAN. What is the biggest other amount you ever sent out like that?

Mr. HILTON. You mean on a call?

The CHAIRMAN. Yes; without ever consulting anybody about it?

Mr. HILTON. That is the only one I ever had.

The CHAIRMAN. Was that the only time you ever sent out any substantial amount to attorneys out of your own bank account?

Mr. HILTON. No, no. That is the only time I sent it in an emergency of that—I mean, with that haste.

The CHAIRMAN. Yes. What was that emergency? What was the emergency?

Mr. HILTON. Well, I may have used the wrong word, "emergency," Mr. Senator.

The CHAIRMAN. Well, it is quite apparent there must have been an emergency, because Mr. Giblon is a well-known lawyer and has a lot of money himself, I assume, and—

Mr. HILTON. That I don't know.

The CHAIRMAN. Well, the office was closed. You couldn't wait for the office to open, you couldn't wait to contact anybody, you had to send \$10,000?

Mr. HILTON. That is right, and I did.

The CHAIRMAN. What did you have to send it for?

Mr. HILTON. Because Mr. Giblon asked me, Senator. That is the only reason I sent it.

The CHAIRMAN. What was he going to use it for? Why did he need it?

Mr. HILTON. I didn't even ask him.

The CHAIRMAN. You didn't even ask him why he needed it so quickly?

Mr. HILTON. No, sir.

The CHAIRMAN. He just called you up and said, "I want \$10,000?"

Mr. HILTON. He directed me where to send it and I sent it.

The CHAIRMAN. All right.

Mr. HALLEY. Now, turning to this lawsuit between Farrell and Serritella, did you represent Farrell?

Mr. HILTON. I was one of two attorneys in the case when it started, Mr. Halley.

Mr. HALLEY. Who was the other attorney?

Mr. HILTON. Mr. Robert Golding.

Mr. HALLEY. Who asked you to take the case?

Mr. HILTON. Syl Farrell.

Mr. HALLEY. Did Ragen talk to you about it?

Mr. HILTON. Mr. Ragen talked to me about it; yes, sir.

Mr. HALLEY. Didn't he ask you to work on the case against Serritella?

Mr. HILTON. Mr. Farrell asked me to work on the case. The answer to your question is "No."

Mr. HALLEY. Ragen never spoke to you, asking you to work on that case with Farrell?

Mr. HILTON. No, sir.

Mr. HALLEY. What did Ragen say to you about the case?

Mr. HILTON. I don't know as he had much to say about the case at all, Mr. Halley.

Mr. HALLEY. Would Farrell have brought that suit on his own initiative or was Ragen the force behind it?

Mr. HILTON. Farrell brought it on his own initiative as far as I know.

Mr. HALLEY. Why did you tell our investigator that Ragen got Farrell to bring the suit?

Mr. HILTON. I didn't tell any investigators that Mr. Ragen did.

Mr. HALLEY. And that Ragen got you to represent them?

Mr. HILTON. I didn't tell anybody that. At no time did I tell anybody that.

Mr. HALLEY. Did you have a conversation here with Mr. Robinson?

Mr. HILTON. Yes, sir; I did.

Mr. HALLEY. And Mr. Garrett?

Mr. HILTON. And Mr. Martin.

Mr. HALLEY. And Mr. Martin?

Mr. HILTON. Yes, sir.

Mr. HALLEY. Didn't you say that Ragen got Hilton, you, to work on that case?

Mr. HILTON. No, sir.

Mr. HALLEY. That he asked you to?

Mr. HILTON. No, sir.

Mr. HALLEY. And that he got Farrell to bring the suit against Serritella?

Mr. HILTON. Absolutely not, Mr. Halley.

Mr. HALLEY. They just misunderstood you?

Mr. HILTON. I didn't say that, I am telling you.

Mr. HALLEY. Let me read the memorandum they made of your discussion:

Ragen got Hilton to work on the lawsuit which Farrell brought against Serritella to dissolve the partnership. Hilton states that Farrell would not have brought this lawsuit on his own initiative but that Ragen was the force behind it.

Mr. HILTON. No, sir; I did not say that.

Mr. DEMPSEY. That is not a reporter's transcript, is it, Mr. Halley?

Mr. HALLEY. The question is, is that right or wrong?

Mr. HILTON. That is incorrect.

Mr. HALLEY. You never said anything like that to him?

Mr. HILTON. Absolutely not.

Mr. HALLEY. How did you happen to represent Farrell?

Mr. HILTON. I knew Syl Farrell; I knew something about his business.

Mr. HALLEY. How long had you known him?

Mr. HILTON. Oh, I would say several months.

Mr. HALLEY. Who introduced you to Farrell?

Mr. HILTON. I don't know. It might have been anyone of a half dozen people.

Mr. HALLEY. Farrell published the scratch sheet with Serritella; is that right?

Mr. HILTON. That is right; the Daily Sports.

Mr. HALLEY. And the issue in the suit was whether Serritella had a silent partner?

Mr. HILTON. Yes, sir.

Mr. HALLEY. Who did he claim the silent partner was?

Mr. HILTON. Hymie Levin, Jack Guzik, or Marc Angelo. There were three other defendants in the suit besides Serritella.

Mr. HALLEY. At the time that suit was brought, you were working for Continental; were you not?

Mr. HILTON. That is right.

Mr. HALLEY. Did you go to Ragen and say, "Shall I take on this job, it may embarrass you?"

Mr. HILTON. No.

Mr. HALLEY. You didn't go to your own employer and find out whether he wanted you to take on a scrap between Farrell and Serritella?

Mr. HILTON. That is right.

Mr. HALLEY. You did it on your own?

Mr. HILTON. That is right.

Mr. HALLEY. Is it your testimony that you never talked to Ragen about that?

Mr. HILTON. That is right.

Mr. HALLEY. Did you ever tell him you were representing Farrell?

Mr. HILTON. He knew I was representing Farrell.

Mr. HALLEY. But you didn't ask him if it was all right?

Mr. HILTON. No, I didn't ask for his permission to represent him; no, sir.

Mr. HALLEY. And he never suggested you represent Farrell?

Mr. HILTON. That is right.

Mr. HALLEY. What did Farrell pay you for a fee?

Mr. HILTON. I got \$500 on the case.

Mr. HALLEY. Who paid it to you?

Mr. HILTON. Syl Farrell.

Mr. HALLEY. Who arranged the settlement of \$50,000 by Farrell to Serritella?

Mr. HILTON. I was one of the two attorneys who arranged it. Mr. Golding who was the attorney in chief, and who had handled all of the work up to a certain date when he had a heart attack, had to drop out of the case; then I went along with it from there with my associate, Ben Schultz. We are the ones who worked out the final settlement.

Mr. HALLEY. Who put up the \$50,000? Whose money was it?

Mr. HILTON. Mr. Farrell.

Mr. HALLEY. Where did he get it?

Mr. HILTON. I don't know where he got it.

Mr. HALLEY. Was there any discussion about raising the \$50,000?

Mr. HILTON. I don't remember any.

Mr. HALLEY. Didn't Ragen say that he would pay the \$50,000?

Mr. HILTON. Say that to me?

Mr. HALLEY. Yes.

Mr. HILTON. No, sir.

Mr. HALLEY. At no time?

Mr. HILTON. No, sir.

Mr. HALLEY. Did you ever read Ragen's statement that he made under oath before he was killed?

Mr. HILTON. You mean the one he made at the State's attorney's office of 98 pages?

Mr. HALLEY. Yes.

Mr. HILTON. All I read was what was in the newspapers.

Mr. HALLEY. Didn't you ever see the actual statement?

Mr. HILTON. Absolutely not. I don't think anybody saw it but the State attorney's office and those who got a hold of it since.

Mr. HALLEY. Ragen never told you what he had told the State's attorney?

Mr. HILTON. No, sir.

Mr. HALLEY. If Ragen told the State's attorney that he put up the \$50,000, would that be untrue, to your knowledge?

Mr. HILTON. I can't say that it would be, if he said he put it up.

Mr. HALLEY. You wouldn't know it one way or the other, though?

Mr. HILTON. No, sir.

Mr. HALLEY. From your investigation of the case, would you say that Farrell was right in his charges that Serritella had Guzik and Levin as silent partners?

Mr. HILTON. I don't know about Levin, but from what I have heard around here, it turned out that Guzik was a partner of Serritella's. I am just saying that from hearsay again.

Mr. HALLEY. I am referring to your own investigation as counsel for Farrell.

Mr. HILTON. We never got service on Levin. We never got service on Guzik. We got service on Marc Angelo and on Serritella.

Mr. HALLEY. From your investigation of the case at that time, did you come to the conclusion that Farrell was right in his contention at that time?

Mr. HILTON. I never thought of it that way.

Mr. HALLEY. That is what you were having the lawsuit about.

Mr. HILTON. It never went to trial, Mr. Halley, we settled the lawsuit.

Mr. HALLEY. I know, but when you took the lawsuit, the entire question was whether you could prove what you were claiming, wasn't it?

Mr. GALLAGHER. Are you asking the witness for a statement of fact or for his opinion as to what happened?

Mr. HALLEY. I think the question will just have to stand on its own—

Mr. GALLAGHER. Well, the way it is phrased you are asking is it a fact that Levin—it appears to me it is a question of whether it is his opinion.

Mr. HALLEY. Well, he will have to answer as best he can.

Mr. GALLAGHER. Then I suggest to the witness he ask you to rephrase the question.

The CHAIRMAN. Read the question.

(Question read.)

The CHAIRMAN. Was that what the lawsuit was about?

Mr. HILTON. That is right, Senator.

The CHAIRMAN. Well, when you took the lawsuit, did you have reasonable grounds to believe you could prove what you were claiming?

Mr. HILTON. I would say "Yes."

The CHAIRMAN. You must have made some investigation, talked to somebody about it.

Mr. HILTON. You understand, Senator, I was only acting as the leg man in the case. Mr. Golding was the attorney of record who did all of the work.

I didn't take an active part in the work on the case until Mr. Golding had a heart attack and then I went in from there.

The CHAIRMAN. Go ahead, Mr. Halley.

Mr. HALLEY. Are you able to answer the question?

Mr. HILTON. I have answered it. I said, "Yes, that we"—

Mr. HALLEY. Yes?

Mr. HILTON. That we had a reasonable belief that we could prove our case. Otherwise we wouldn't have taken it, we wouldn't be playing with the case.

Mr. HALLEY. That is an answer.

Now you loaned \$3,000 to McGoldrick, did you not, to purchase General News?

Mr. HILTON. Yes, sir.

Mr. HALLEY. What were the circumstances surrounding that?

Mr. HILTON. Well, that Ed had a chance to buy the news-distributing business in five or six States, and get it for \$3,000, and I knew him, I knew his family, we were all kids together, I went to school with his brother, and Ed came to me and said "Here, I got a chance to get into a business where I can make a little money, will you let me have it?" So I did, he gave me a note, paid it back, and went on with his business.

Mr. HALLEY. Did you ever talk to anyone else about McGoldrick's purchase of General News or of the business thereafter conducted by General News, the interstate business?

Mr. HILTON. Oh, sure, about everybody knew. Yes, I talked to people about it, Mr. Halley.

Mr. HALLEY. Why is it necessary for you to consult—you, as an attorney, to consult with your counsel to decide whether you talked to somebody about it? I have difficulty understanding that.

Mr. HILTON. I didn't understand your question, it was rather a broad question, and I was trying to get his slant on it.

Mr. HALLEY. If you don't understand the question——

Mr. HILTON. I will follow your advice.

Mr. HALLEY. Kindly just ask me.

Mr. HILTON. I will ask you from now on.

Mr. HALLEY. We would really like to get your own answers. When did you talk to Mr. Tom Kelly about it?

Mr. HILTON. You mean before or after the purchase, Mr. Halley?

Mr. HALLEY. Before the purchase.

Mr. HILTON. No, sir, I did not talk to Mr. Tom Kelly about it.

Mr. HALLEY. When did you first hear that Hilton was going to purchase?

Mr. HILTON. McGoldrick, you mean?

Mr. HALLEY. The services furnished by General News.

Mr. HILTON. McGoldrick?

Mr. HALLEY. McGoldrick.

Mr. HILTON. Bought it some time around the first of January 1949, I think it was the last week. He talked to me before about it.

Mr. HALLEY. Just before he bought it?

Mr. HILTON. That is right.

Mr. HALLEY. You had not heard about it from anyone else up to that time?

Mr. HILTON. That he was going to be the purchaser? No, sir.

Mr. HALLEY. Yes.

Mr. HILTON. No, sir.

Mr. HALLEY. Had you heard that it was for sale?

Mr. HILTON. I heard there was going to be a split-up of the two services; yes, sir.

Mr. HALLEY. From whom did you hear that?

Mr. HILTON. I believe Syl Farrell.

Mr. HALLEY. Who decided to split up the services?

Mr. HILTON. There were three parties: Syl Farrell, James Frestel, Sr., and George Kelly.

Mr. HALLEY. Who made the decision to split up the two services?

Mr. HILTON. I wouldn't know. I wasn't there when the transaction was held.

Mr. HALLEY. Which one of them told you about it?

Mr. HILTON. Syl Farrell.

Mr. HALLEY. Did he tell you why it was decided to split up the two services?

Mr. HILTON. I don't think he did; no, sir.

Mr. HALLEY. Do you know why it was done?

Mr. HILTON. No.

Mr. HALLEY. Did you make any effort to purchase General Service yourself?

Mr. HILTON. No, sir.

Mr. HALLEY. Do you know if anybody sought an outside purchaser for General?

Mr. HILTON. No, sir; I don't.

Mr. HALLEY. Do you think a \$3,000 price was a proper price for General Service?

Mr. HILTON. I think so.

Mr. HALLEY. That service, according to the testimony here, netted something like \$1,500 a week.

Mr. HILTON. At that time?

Mr. HALLEY. At least at that time.

Mr. HILTON. Today it isn't earning anything.

Mr. HALLEY. It was bought then, was it not?

Mr. HILTON. Yes, sir.

Mr. HALLEY. Would you say a total sales price of \$3,000 would be a fair price for a business netting \$1,500 a week?

Mr. HILTON. I think under the circumstances; yes.

Mr. HALLEY. You think that was a fair price?

Mr. HILTON. Yes, sir.

Mr. HALLEY. Would you state the circumstances that made it a fair price?

Mr. HILTON. You are asking me for an opinion now, are you?

Mr. HALLEY. You said "under the circumstances," it was, and I was wondering what circumstances you had in mind.

Mr. HILTON. I am talking about the start of it in January 1949, and what has happened to it since that date. I think the man is practically out of business now.

Mr. HALLEY. He got his \$3,000 back in the first 2 weeks, did he not?

Mr. HILTON. You mean—did I get my \$3,000 back the first 2 weeks?

Mr. HALLEY. You got yours back, did you not?

Mr. HILTON. I got it back, but I don't know whether it was in 2 or 3 weeks; I got it back.

Mr. HALLEY. Very soon?

Mr. HILTON. I think the note was for a hundred days, and I got it back before 100 days was up.

Mr. HALLEY. Did he tell you he was getting the service free for the first 2 weeks?

Mr. HILTON. The first—

Mr. HALLEY. To make up the \$3,000?

Mr. HILTON. No, sir. The first time I heard about getting the service free for 2 weeks, he was over to see Mr. Robinson, and it was brought out at that time.

Mr. HALLEY. Did you talk to Tom Kelly about lending the money to McGoldrick?

Mr. HILTON. No, sir.

Mr. HALLEY. You did that all on your own?

Mr. HILTON. It was my own money; yes, sir; my own money.

Mr. HALLEY. You never checked on whether Tom Kelly wanted McGoldrick to have the \$3,000?

Mr. HILTON. No, sir.

Mr. HALLEY. That was purely a private transaction?

Mr. HILTON. Absolutely.

Mr. HALLEY. Did you ever talk to Tom Kelly about McGoldrick's purchase of General News?

Mr. HILTON. I don't think I have. You mean as to the advisability of him purchasing it, and that?

Mr. HALLEY. Of the entire transaction; yes.

Mr. HILTON. No, no.

Mr. HALLEY. Do you, as a lawyer, believe that that was a bona fide purchase?

Mr. HILTON. Absolutely.

Mr. HALLEY. A payment of \$3,000 under those circumstances?

Mr. HILTON. Yes, sir.

Mr. HALLEY. Was the \$3,000 made available to him within the first 2 weeks, so that he in effect got it for nothing?

Mr. HILTON. I still think it was a good deal.

Mr. HALLEY. Oh, it was a fine deal, but was it a bona fide purchase?

Mr. HILTON. I believe it was, Mr. Halley.

Mr. HALLEY. Why are you smiling? You don't really, do you, as a lawyer?

Mr. HILTON. Absolutely I do. You smiled, so I thought I was entitled to one.

Mr. HALLEY. You sure are. Aren't all of the indica—

Mr. HILTON. Sir?

Mr. HALLEY. Aren't all the indications of an open bona fide purchase missing from this transaction?

Mr. HILTON. No, sir; there is a consideration, a meeting of the minds, and a transfer of money. That is all I can see.

Mr. HALLEY. Well, the consideration is so far below the actual value that it becomes a sham; isn't that about right?

Mr. GALLAGHER. That is an opinion, isn't it?

Mr. HILTON. That is strictly an opinion of yours.

The CHAIRMAN. But he is asking you that question.

Mr. HILTON. The answer is "No" to your question.

The CHAIRMAN. All right.

Mr. HALLEY. Thank you. How about those payments you made to Drury and Connolly? Will you tell the committee about that?

Mr. HILTON. I paid \$4,750 in 1947—and that was to each—and \$1,125 in 1948, and \$250 in 1949.

Mr. HALLEY. Why did you make those payments? What were they for?

Mr. HILTON. In May of 1947 Mr. Drury and Mr. Connolly came to me—they were sent over to me by Thorne Arthur, who was the attorney for the Ragens and the estate of Ragen—and told me those fellows had a claim for a \$25,000 reward offered for the arrest and conviction of the slayers of Mr. Ragen.

They had brought several people to the State attorney's office, and I believe there was an indictment and a nolle, and they in turn were indicted themselves, and they got into a pretty good jam, so they figured they were entitled to this reward for what they had done, although there was no conviction.

So Mr. Drury, as I understand it, talked with Mr. Thorne Arthur, the attorney; and he sent them over to see me, to see if I could

straighten it out and settle with them; and I did. I paid them about \$12,000 altogether.

Mr. HALLEY. You made the checks out yourself?

Mr. HILTON. That is right.

Mr. HALLEY. Did you ever represent Ragen or the Ragen estate?

Mr. HILTON. I never represented the Ragen estate; no, sir.

Mr. HALLEY. Did anybody reimburse you for that money?

Mr. HILTON. Yes, sir; I got that money back from Continental Press.

Mr. HALLEY. Who offered the reward?

Mr. HILTON. I don't know whether it was the Continental Press or the Ragen family. I can't answer that question.

Mr. HALLEY. I believe it was the Ragen estate.

Mr. HILTON. I don't know.

Mr. HALLEY. Did you ever ask Tom Kelly if it was all right for you to pay \$12,250 to Drury and Connelly?

The CHAIRMAN. Was that to each, or together?

Mr. HALLEY. That is together—not, that is, to each.

Mr. HILTON. No; \$12,000 together; \$6,000 apiece.

Mr. HALLEY. That is right; together.

Mr. HILTON. Did I ask Kelly if it was O. K.?

Mr. HALLEY. Yes.

Mr. HILTON. Yes; he O. K.'d it.

Mr. HALLEY. He O. K.'d the payment?

Mr. HILTON. Yes. I settled a number of things that belonged to the Ragen estate. I settled the doctors' bills, and I settled Mr. Golding's bill.

Mr. HALLEY. Who paid those other bills?

Mr. HILTON. Ed McBride or the Ragen estate. I think the Ragen estate paid part of Golding's bill, and I think McBride paid the doctors' bills. That was part of it.

Mr. HALLEY. It was part of the deal that McBride would pay the doctors' bills for Ragen?

Mr. HILTON. Yes. There was \$50,000 in doctors' bills, and I settled for \$17,000.

Mr. HALLEY. That was definitely an obligation of Ed McBride, as purchaser of Continental, under his contract of purchase—the doctors' bills?

Mr. HILTON. Yes; that is right.

Mr. HALLEY. What I am trying to find out is why McBride should have assumed the payment of \$12,000 to Drury and Connelly on a reward offered by the Ragen estate.

Mr. HILTON. We did that. That is all I know.

Mr. HALLEY. Why was that reward paid over a period of 3 years' installments?

Mr. HILTON. Well, when I started paying in 1947 the company was not in too good a shape, when I started paying those, and we split it up over a period of years.

Mr. HALLEY. That was in 1947, 1948, and 1949; is that right?

Mr. HILTON. Yes, sir.

Mr. HALLEY. Well, the company—

Mr. HILTON. We lost, I think, \$180,000 up until about the middle of May 1947 and then started making money after that.

Mr. HALLEY. Well, it made money in 1948?

Mr. HILTON. 1948—I am talking about '47. I didn't pay them so much—I paid them \$4,700 apiece in 1947, Mr. Halley.

Mr. HALLEY. Then you paid very little more after that?

Mr. HILTON. That is right.

Mr. HALLEY. So that you did pay the bulk of it when the company was losing money?

Mr. HILTON. No; I didn't. I paid him—I think I gave him \$1,100 at one time. I split it up into different—whenever I could get hold of the money.

Mr. HALLEY. Well, the thing is, what deal did you make? Did you have a contract with Drury and Connelly about this \$12,000?

Mr. HILTON. No; I didn't enter into any contract with them.

Mr. HALLEY. Well, they were claiming a reward of \$25,000; is that right?

Mr. HILTON. Yes; that's right.

Mr. HALLEY. And you settled their claim for \$12,250?

Mr. HILTON. Whatever it was; yes, sir.

Mr. HALLEY. Did you get a release?

Mr. HILTON. Never got a release.

Mr. HALLEY. Did you write out any agreement, "We hereby settle our claims against the Ragen estate"?

Mr. HILTON. No, sir.

Mr. HALLEY. You just over a period of times gave them money?

Mr. HILTON. That is right.

Mr. HALLEY. Are you sure you didn't give them the money for some other purpose or for some services?

Mr. HILTON. No, sir.

Mr. HALLEY. Well, as a lawyer settling a claim, isn't it customary to get a release?

Mr. HILTON. As a general rule; yes.

Mr. HALLEY. What circumstances would cause you to vary that rule?

Mr. HILTON. I don't think I got releases from the doctors. We dismissed their claims is about all I remember from the doctors. I didn't have them sit down and write me out a release.

Mr. HALLEY. Well, do you know whether you got releases from the doctors?

Mr. HILTON. We had their claims dismissed in the probate court.

Mr. HALLEY. Well, did you have a probate court claim from Drury and Connelly?

Mr. HILTON. No, sir.

Mr. HALLEY. What did you have to show for your money to your client?

Mr. HILTON. Why, canceled checks with their names on the back.

Mr. HALLEY. That might have been for any purpose in the world.

Mr. HILTON. Between us, it wasn't. We knew what we were doing.

Mr. HALLEY. Well, who is the "we" that "knew what we were doing?"

Mr. HILTON. Connelly, Drury, and myself.

Mr. HALLEY. As a lawyer, you didn't feel that to protect your client, a young man going to college down in Florida, you needed some document when you settled a claim?

Mr. HILTON. That's right.

Mr. HALLEY. You didn't think you needed anything to show what the payments were for?

Mr. HILTON. No; I thought their word was good enough for me.

Mr. HALLEY. Now, did you originally make an agreement to pay \$12,250?

Mr. HILTON. I agreed to pay him half.

Mr. HALLEY. You agreed to pay them half of it?

Mr. HILTON. Yes.

Mr. HALLEY. And you never did quite pay half of it, did you?

Mr. HILTON. I don't know. You say—I thought I did, but you say it is \$12,250. I don't know. Offhand, I mean, I would have to check it.

Mr. HALLEY. And how did it work out that you paid a certain amount in 1947 and a certain amount in 1948? How did you decide how much to pay each year?

Mr. HILTON. I never thought of it, paying so much each year. I kept trying to draw the money from Continental, and I gave it—I gave it to them in several lumps.

Mr. HALLEY. It is not your contention that Continental couldn't raise \$12,500 in that period, is it?

Mr. HILTON. You mean in the 3 years?

Mr. HALLEY. No; in a lump at any one time to settle a claim?

Mr. HILTON. No; it isn't my contention they couldn't raise the money if I asked for it.

Mr. HALLEY. Why didn't you ask for it and get rid of a claim in one lump and on the back of it write, "In full settlement of all claims"?

Mr. HILTON. I don't know. I don't know.

The CHAIRMAN. Wasn't it during that same time that you sent this \$10,000 down to this lawyer?

Mr. HILTON. Yes; 1948. Yes; I think it was in June of 1948, Senator.

The CHAIRMAN. All right. Are there any other questions, Mr. Halley?

Mr. HALLEY. No other questions.

The CHAIRMAN. Mr. Robinson?

Mr. ROBINSON. I have no questions.

The CHAIRMAN. Mr. Hilton, you operate personally as a lawyer, or are you in a firm?

Mr. HILTON. Personally.

The CHAIRMAN. Do you have two offices?

Mr. HILTON. Yes, sir; 134 North La Salle, and I go down to the Continental office at 134 South Dearborn.

The CHAIRMAN. How much time of the week do you spend at the Continental office?

Mr. HILTON. Maybe 12 hours, maybe a little more. In the afternoon I go down.

The CHAIRMAN. You go down in the afternoons?

Mr. HILTON. Yes, sir.

The CHAIRMAN. What I am trying to get at is, What part of your practice is representing Continental and what part representing your other clients?

Mr. HILTON. The majority of it, I would say, is with Continental. The CHAIRMAN. Your chief professional occupation is representing Continental?

Mr. HILTON. That is right.

The CHAIRMAN. And its interests?

Mr. HILTON. Yes.

The CHAIRMAN. Then after the Midwest News sold out to young McGoldrick he started out as the General News, and you became his attorney, didn't you?

Mr. HILTON. That is right.

The CHAIRMAN. How many of these concerns do you represent? You represented General News, represented Continental News——

Mr. HILTON. That was for 1 year I represented General News. I represented Illinois Sports News at one time.

The CHAIRMAN. You represented Serritella and Farrell?

Mr. HILTON. That was in one instance; yes, sir.

The CHAIRMAN. You represented them in one instance?

Mr. HILTON. You are talking about the lawsuit. I represented them at that time.

The CHAIRMAN. Before you had the lawsuit, you represented the partnership on one occasion, didn't you?

Mr. HILTON. Before the lawsuit?

The CHAIRMAN. Before you brought the lawsuit on behalf of Mr. Farrell, did you represent the partnership, the scratch sheet that they were getting out?

Mr. HILTON. No, sir; I think you are wrong. There was a scratch sheet, the Daily Sports News, that Farrell and Serritella owned.

The CHAIRMAN. You represented that?

Mr. HILTON. No, sir; I did not.

The CHAIRMAN. Then after Mr. Farrell bought out Senator Serritella, did you represent him then?

Mr. HILTON. On one or two occasions. Not on a retainer or anything like that?

The CHAIRMAN. Just whenever he needed a lawyer, you represented him?

Mr. HILTON. I wouldn't say any time he needed a lawyer. I think it was one or two different things, Senator.

The CHAIRMAN. Mr. McGoldrick, testifying about what you did for him, said you would go around to see his customers and distributors——

Mr. HILTON. I would go see his customers?

The CHAIRMAN. I so understood, or maybe that you gave advice about the customers.

Mr. HILTON. That is right. I never went visiting any of his customers.

The CHAIRMAN. You didn't go to visit his customers?

Mr. HILTON. No.

The CHAIRMAN. What counsel would you give him relative to his customers and distributors?

Mr. HILTON. He was an ambitious young fellow and he was always trying to get started in other States, and he had me nutty trying to figure the laws in other States for him, so he could expand. Then the National Association of Attorneys General was causing con-

siderable trouble around the country trying to get legislation passed and I would check on all of that for him.

The CHAIRMAN. Did you handle any matters for him with Harmony News in Kansas City?

Mr. HILTON. No, sir.

The CHAIRMAN. Or with Des Moines?

Mr. HILTON. No, sir. You mean his customer at Des Moines?

The CHAIRMAN. Yes; I mean any legal business between him and his customers.

Mr. HILTON. No, sir. I can't think of anything right now, Senator.

The CHAIRMAN. Mr. Hilton, you have had some time since I asked the questions, will you tell us again what the great emergency was about sending this \$10,000 to Florida? It may be perfectly all right, but I am just curious about it.

Mr. HILTON. We got the word emergency in there, Senator. I don't know how we got the word in there.

The CHAIRMAN. It is properly in there because you had never done that before.

Mr. HILTON. Or since.

The CHAIRMAN. And during that time you didn't have enough money to pay off Connelly and Drury, but you took it upon yourself to send \$10,000.

Mr. HILTON. I had my own finances I could have paid them off, but I didn't.

Mr. DEMPSEY. For the record, may I state that the big payment to Drury according to his testimony is 1947. The payment in Florida is 1948, so it is two different years.

The CHAIRMAN. Anyway, some was in 1948 and some in 1949.

Mr. HILTON. \$250 in 1949.

The CHAIRMAN. Mr. Hilton said the reason it was spread over a period of time was on account of Continental's finances, yet during that very time, without prior consultation with anybody, he couldn't wait until the office opened up to get \$10,000 to send to Florida. That is very strange.

Mr. HILTON. You get the idea I couldn't wait until the office opened up. As a matter of fact, I don't think I even tried to find whether the office was open or not. Judge Giblon asked me to send it and I sent it, Senator. That is all I know.

The CHAIRMAN. Judge Giblon is a man of considerable substance, isn't he?

Mr. HILTON. I don't know whether he has a dime or a million.

The CHAIRMAN. He is a well-known, big-money lawyer, I understand.

Mr. HILTON. It may be. They don't have it either sometimes.

The CHAIRMAN. What did he say he wanted with it?

Mr. HILTON. He told me to send it down there. I didn't ask for any explanation.

The CHAIRMAN. You mean you didn't know what he was going to use it for?

Mr. HILTON. That is right.

The CHAIRMAN. You didn't know what sort of a lawsuit he was going to bring?

Mr. HILTON. No, sir.

The CHAIRMAN. Who he was going to pay with it?

Mr. HILTON. Yes; Atkinson & Atkinson.

The CHAIRMAN. You didn't know for what service?

Mr. HILTON. No, sir; I didn't.

The CHAIRMAN. Whether they would bring a lawsuit, would lobby, or what they would do with the money, you didn't know?

Mr. HILTON. No, sir. I didn't ask any questions.

The CHAIRMAN. When you reported the matter to the company, to Mr. Kelly, surely you must have made some explanation then.

Mr. HILTON. All I did was tell them that I sent the \$10,000, and I got the \$10,000 back.

The CHAIRMAN. What were they going to look for for that \$10,000?

Mr. HILTON. I didn't arrange it with them.

The CHAIRMAN. Did you get back a report as to what the \$10,000 was to be used for?

Mr. HILTON. I didn't get that.

The CHAIRMAN. Mr. Atkinson or Mr. Giblon, what did they report back to you they would use the \$10,000 for?

Mr. HILTON. All that I got back was a receipted bill for legal services rendered.

The CHAIRMAN. What was the service for?

Mr. HILTON. I haven't the slightest idea.

The CHAIRMAN. You mean \$10,000, and you don't know what service was rendered?

Mr. HILTON. That is right. Mr. Giblon is the one that can answer that Senator.

The CHAIRMAN. You are the general counsel.

Mr. HILTON. No, I am not. I am one——

The CHAIRMAN. You are the lawyer in the office, and whether you are general counsel or whatever you are—you are the only lawyer that has an office with Continental, aren't you? Is there another lawyer in the office?

Mr. HILTON. Here in Chicago, No, sir.

The CHAIRMAN. But, do you have any idea whether they were going to bring a lawsuit or what they were going to do?

Mr. Hilton, you know very well that on behalf of your subscribers, Howard Sports News and others, that you were paying the fee for them to try to do something about the constitutionality of this law down there or to prevent the law from being passed, wasn't that the purpose?

Mr. HILTON. For the benefit of Howard Sports?

The CHAIRMAN. For the benefit of customers or distributors, or whatever you may call them, of Continental.

You were putting up the money to do the lobbying and paying the cost of the lawsuit?

Mr. HILTON. I wouldn't put money up for lobbying.

The CHAIRMAN. What would you put it up for? You couldn't find out what it is?

Mr. HILTON. I could find out if I asked Mr. Giblon.

The CHAIRMAN. You say it is not lobbying, a lawsuit. You don't know what it is.

Mr. HILTON. I am telling you I don't pay to lobby.

The CHAIRMAN. Wasn't the matter represented to you, if you want us to work, either for the passage of this law or get it declared unconstitutional, and a lawsuit was later brought in the name of Howard Press Service—

Mr. HILTON. I don't even know there was a suit brought in the name of Howard. I am asking Walter.

The CHAIRMAN. I am asking you if that wasn't your deal with the Florida lawyers.

Mr. HILTON. No, sir.

The CHAIRMAN. All right.

Mr. HALLEY. I have one more thing. What made you so sure you paid that \$10,000 in 1949?

Mr. HILTON. I don't know; I am pretty sure that I did.

Mr. HALLEY. Was it because we had agreed that after January 1, 1949, Continental had no business in Florida?

(No response.)

Mr. HALLEY. I am curious about your line of thinking that leads you to be so sure that the payment was paid in 1948.

Mr. HILTON. Well, as I told you, Mr. Robinson asked me something about it, and I think I checked it since I saw Mr. Robinson. I am pretty certain it was in June of 1948.

Mr. HALLEY. I asked that because your income tax return shows it as a deduction for 1949.

Mr. HILTON. Then I am wrong; it was 1949. I thought I checked it after I talked with Mr. Robinson.

Mr. HALLEY. It was 1949. Then, we get back to the Chairman's question, which is: What law business did you or Continental have in the State of Florida in 1949 for which you on your own authority advanced \$10,000 to Giblon?

Mr. HILTON. I still say I don't know the answer, and Giblon is about the only one that could give the answer, Mr. Halley. He is the Continental lawyer in Florida. Mr. Gallagher says that he has done it for several years. If you are asking me to send—

Mr. HALLEY. You say Mr. Gallagher says he has been the lawyer for several years. Do you know whether he has been the lawyer for several years yourself?

Mr. HILTON. My guess would be yes.

Mr. HALLEY. No; not your guess.

Mr. HILTON. I would say yes.

Mr. HALLEY. Had you been dealing with him for several years?

Mr. HILTON. Yes, sir; I have.

Mr. HALLEY. Well, why do you have to guess that he had been the lawyer for several years?

Mr. HILTON. I don't know.

The CHAIRMAN. Any other questions? Anything else, Mr. Robinson?

Mr. ROBINSON. No, sir.

The CHAIRMAN. How did you get reimbursed for this \$10,000; by check, did you say?

Mr. HILTON. I usually have a little surplus around, Senator, and if I run out I make a draw.

The CHAIRMAN. I thought you said you got reimbursed by check a little while ago?

Mr. HILTON. From Continental?

The CHAIRMAN. Yes, on this \$10,000.

Mr. HILTON. I always get paid by check.

The CHAIRMAN. No, on this \$10,000.

Mr. HILTON. You mean get a \$10,000 flat check?

The CHAIRMAN. You said you sent \$10,000 to Florida and then you spoke to Continental and got your \$10,000 back. How did you get it back?

Mr. HILTON. I got it back. I drew so much cash each month and got it back.

The CHAIRMAN. You didn't get one check, then?

Mr. HILTON. No, sir.

The CHAIRMAN. But did you get several checks?

Mr. HILTON. Yes, sir. As I say, Senator, I always have a little surplus about me.

The CHAIRMAN. That doesn't sound like your testimony about that reimbursement a little while ago. You said you reported it and got your money back. Now you have said you have some little money around, you picked it up here and there.

Mr. HILTON. Yes, sir. I don't send any big sums; no.

The CHAIRMAN. Does the fact that you deducted this as an expense have anything to do with your testimony?

Mr. HILTON. Absolutely no.

The CHAIRMAN. Having now found you deducted this \$10,000 as an expense of yours?

Mr. HILTON. Certainly I deducted it as an expense of mine, Senator.

The CHAIRMAN. Why was it your expense if Continental reimbursed you? Why was it your expense?

Mr. HILTON. I don't know who else's it would be.

The CHAIRMAN. All right. That is all.

Mr. GALLAGHER. Just a moment, Senator, before—

The CHAIRMAN. Any questions you want to ask him—

Mr. GALLAGHER. I would like to ask Mr. Hilton about a statement you deducted as an expense, is it correct, Mr. Hilton?

Mr. HILTON. Right.

Mr. GALLAGHER. Because you received the reimbursement from Continental Press?

Mr. HILTON. Right. I didn't see anything else I could do.

Mr. GALLAGHER. Is that all, Senator?

The CHAIRMAN. That is all, unless you want to ask some questions.

Mr. GALLAGHER. No, sir.

The CHAIRMAN. All right, that is all.

(Witness excused.)

The CHAIRMAN. Who is next?

Mr. HALLEY. George Kelly is next.

The CHAIRMAN. Mr. Kelly, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KELLY. I do.

TESTIMONY OF GEORGE KELLY, CHICAGO, ILL.

The CHAIRMAN. All right, gentlemen, we are 'way behind schedule. Let's proceed.

Mr. ROBINSON. State your name, please, Mr. Kelly.

Mr. KELLY. George Kelly.

Mr. ROBINSON. Can you hear me all right?

Mr. KELLY. I can hear you now.

Mr. ROBINSON. Well, if you don't, tell me. I know you are a little hard of hearing.

Mr. KELLY. I am.

Mr. ROBINSON. Can you hear me all right now?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. Where do you live?

Mr. KELLY. 7611 South Green.

Mr. ROBINSON. And do you have a place of business?

Mr. KELLY. I do.

Mr. ROBINSON. Where is that?

Mr. KELLY. 906 South Wabash.

Mr. ROBINSON. And what business is located at that place?

Mr. KELLY. A scratch-sheet business.

Mr. ROBINSON. What is the name of the business?

Mr. KELLY. Pardon?

Mr. ROBINSON. What is the name of the business?

Mr. KELLY. Illinois Sports News.

Mr. ROBINSON. How long have you been connected with that business?

Mr. KELLY. 1947; since 1947.

Mr. ROBINSON. Do you remember in what month of 1947?

Mr. KELLY. January 1947.

Mr. ROBINSON. And what did you do prior to your connection with the Illinois Sports News.

Mr. KELLY. Prior to my connection with the Illinois Sports News I had worked for Mr. Ragen, doing business as Continental Press, and I worked at the Chrysler Corp.—

Mr. ROBINSON. How long did you work for Mr. Ragen with the Continental Press?

Mr. KELLY. Approximately a year, a year and 2 or 3 months.

Mr. ROBINSON. That would be during 1945 up to 1946?

Mr. KELLY. I imagine so.

Mr. ROBINSON. What sort of work did you do for Mr. Ragen?

Mr. KELLY. Establishing scratch sheets, and also an outside man, or road man.

Mr. ROBINSON. What was the business of a road man—what was your business as a road man?

Mr. KELLY. At that time I was just learning the business. I was traveling around with a fellow by the name of Bill Lynch.

Mr. ROBINSON. What were you doing?

Mr. KELLY. More or less learning the business at the time.

Mr. ROBINSON. Well, would you go around and visit the various customers of Continental?

Mr. KELLY. At the time that—I would sum it up this way, say that I was traveling with Mr. Lynch, and he would go around to different

territories, and give a report to Mr. Ragen on what customers should be raised, or what distributors should be raised or cut.

Mr. ROBINSON. Now, how would you determine that?

Mr. KELLY. By going in and talking to the distributors and seeing how many customers they had, and so forth.

Mr. ROBINSON. And what the territory would stand so far as a rate was concerned?

Mr. KELLY. Yes, sir; if it was satisfactory with Mr. Lynch, the report he had given to Mr. Ragen.

Mr. ROBINSON. You would report that back to Mr. Ragen, with some recommendation as to whether the rate should be raised or lowered?

Mr. KELLY. Yes, sir; I would—or he would, rather.

Mr. ROBINSON. You say you got into the scratch-sheet business around the first of 1947?

Mr. KELLY. 1947; January of 1947. Prior to that time I had been helping establish two different scratch sheets, one in the city here, and one in the city of Louisville.

Mr. ROBINSON. What were you doing in the scratch-sheet business prior to that time in Chicago? What was the business, the scratch-sheet business you were helping out with?

Mr. KELLY. We established a new scratch sheet in the city of Louisville.

Mr. ROBINSON. What was the scratch sheet you helped establish here in the city of Chicago?

Mr. KELLY. Which scratch sheet did I help on?

Mr. ROBINSON. Yes.

Mr. KELLY. The Illinois Sports News, Tom Burke's scratch sheet.

Mr. ROBINSON. Was it known as the Illinois Sports News at that time?

Mr. KELLY. Yes, it was.

Mr. ROBINSON. And just what did you do there?

Mr. KELLY. Well, I was helping in the composing end of it, and also taking the morning lines, scratches, and so forth.

Mr. ROBINSON. Did you subsequently acquire that business?

Mr. KELLY. That is right.

Mr. ROBINSON. How did you acquire it?

Mr. KELLY. Through the purchase of it from Mr. Burke.

Mr. ROBINSON. And did you discuss it with your brother Tom?

Mr. KELLY. I did.

Mr. ROBINSON. Just how did the purchase come about? Did you go to see the owner of the business, or did you talk it over with your brother, or what?

Mr. KELLY. Mr. Burke had become sick in the latter part of 1946, I think it was December, the latter 2 weeks in December of 1946. He was in the hospital. My brother had been a very good friend of Mr. Burke, so we went over to see him one night. So he told my brother that he wanted to get out of the scratch-sheet business.

He came to me a couple of days later telling me that Burke was in the hospital, that I ought to go over and see him. He was anxious to sell the business. Which I did.

I went over to see the man and talked to him in regards to his sale of the business, and he and I talked and I couldn't come to a

definite figure of what to pay for the business. So we left that part of it go, and we kept on talking was he really anxious to sell.

He said, "Yes." I think it was probably about 2 or 3 days later that Mr. Hilton and my brother had been talking about what would be a good price to give him for the business.

So he suggested to me, or Hilton suggested to my brother, and my brother in turn suggested to me, that I buy the business for a certain amount of money, and put Mr. Burke on the payroll for a certain amount.

Mr. ROBINSON. What was the price you decided on?

Mr. KELLY. The contract was that I bought the business for \$1,500, that is, the scratch-sheet business, and I paid \$1,000 for Illinois News Association, which was a separate business from the scratch-sheet business, and I was to put in—Burke on the payroll of Illinois Sports News for the sum of \$500 over a period of 5 or 10 years, I don't know just exactly what it was.

Mr. ROBINSON. \$500 a week?

Mr. KELLY. \$500 a week.

Mr. ROBINSON. For Tom Burke?

Mr. KELLY. That is right.

Mr. ROBINSON. Previous owner?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. Now, there are two phases. Two parts of the business, the Illinois Sports News, which is the scratch sheet?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. And the Illinois News Association?

Mr. KELLY. Right.

Mr. ROBINSON. Which is the wire service?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. And you became sole owner of both?

Mr. KELLY. Yes, sir, I did.

Mr. ROBINSON. Did you use your own money to buy the business?

Mr. KELLY. Will you speak up louder, please?

Mr. ROBINSON. Did you use your own money to buy the business?

Mr. KELLY. I did.

Mr. ROBINSON. Or did you have to borrow?

Mr. KELLY. Yes, sir; I did. I used my own money.

Mr. ROBINSON. Were there any obligations outstanding on the business at the time?

Mr. KELLY. There was a chattel mortgage, I believe, of around \$60,000.

Mr. ROBINSON. And who held that mortgage?

Mr. KELLY. Mr. Burke held it. Oh, Mr. Burke originally had it, but it was held by Continental Press, I believe, at the time.

Mr. ROBINSON. Now, when you first started out you had your scratch sheet printed under contract with some printer; is that right?

Mr. KELLY. When Mr. Burke originally started the business it was printed by an outside printer. He was having it printed.

Mr. ROBINSON. And subsequently did you obtain a plant of your own?

Mr. KELLY. We did.

Mr. ROBINSON. And when did you obtain that?

Mr. KELLY. We bought—first we rented a place at 906 South Wash, I think in the year of 1948. Approximately a year and a half later we bought the building outright, or 1949.

Mr. ROBINSON. Did you borrow any money to buy the building?

Mr. KELLY. Pardon?

Mr. ROBINSON. Did you borrow any money to buy the building?

Mr. KELLY. No; I took \$25,000 out of the business. Originally the owner of the building wanted \$70,000 for the building. I took—we dickered with him on the price and we got it down to \$65,000. I put \$25,000 down on the building, and held a mortgage for \$40,000, but—I may have the story sort of mixed up, but I believe Hilton and my brother paid \$40,000 balance and held the mortgage. They in turn held the mortgage for \$40,000.

Mr. ROBINSON. Well, the result—

Mr. KELLY. Evidently I borrowed \$40,000.

Mr. ROBINSON (continuing). Hilton and—

Mr. KELLY. My brother.

Mr. ROBINSON (continuing). Your brother Tom—

Mr. KELLY. Right.

Mr. ROBINSON (continuing). Took over the mortgage on the plant, the balance that was due on the mortgage?

Mr. KELLY. That's right.

Mr. DEMPSEY. Mr. Robinson, this had nothing to do with the chattel mortgage. I just—

Mr. ROBINSON. I understand that; yes.

Mr. DEMPSEY. The only purchase money for the mortgages was the \$40,000.

Mr. ROBINSON. Yes; I understand that.

The CHAIRMAN. Well, I don't exactly understand it. The building was \$75,000, is that correct?

Mr. KELLY. It was \$70,000.

The CHAIRMAN. \$70,000.

Mr. KELLY. We dickered on the price and got it down to \$65,000.

The CHAIRMAN. Yes. Then you got it down to \$65,000, and you took \$25,000 out of the business?

Mr. KELLY. That's right.

The CHAIRMAN. And applied that, and then where did you get the other \$40,000? I didn't understand exactly.

Mr. KELLY. \$40,000—I believe they loaned me the money to purchase the building outright, and then they in turn held a mortgage for \$40,000 on the building.

The CHAIRMAN. Yes; your brother and Mr. Hilton?

Mr. KELLY. That's right.

The CHAIRMAN. Well, was it they or was it Continental that loaned you the money of \$40,000?

Mr. KELLY. I can't hear you, sir.

The CHAIRMAN. Was it they individually or some company that loaned you the \$40,000?

Mr. KELLY. I don't know. It is in the record there, how it was.

The CHAIRMAN. Do you know, Mr. Dempsey?

Mr. DEMPSEY. Yes. The mortgage, as mentioned earlier, relating to Continental, was a chattel mortgage that Continental held; yes.

The CHAIRMAN. That was on the machinery or something.

Mr. DEMPSEY. These were personal loans from Kelly and Hilton. Continental did not make any loan or advance any money for the purchase of the building.

The CHAIRMAN. So the \$40,000 came from Hilton and his brother, Tom?

Mr. KELLY. That is right.

Mr. DEMPSEY. That is right.

The CHAIRMAN. And you gave them a mortgage back, then?

Mr. KELLY. They held the mortgage for \$40,000.

The CHAIRMAN. They held the mortgage. Excuse me, just one other matter. Was this a corporation that you had or was it just you?

Mr. KELLY. At the time?

The CHAIRMAN. Yes.

Mr. KELLY. No, sir.

The CHAIRMAN. Were you incorporated or were you just acting under the name of Illinois Sports News?

Mr. KELLY. I was sole owner, sir.

The CHAIRMAN. Sole owner?

Mr. KELLY. Yes, sir.

The CHAIRMAN. You didn't have any corporation?

Mr. KELLY. No, sir.

The CHAIRMAN. All right, that is all.

Mr. ROBINSON. In other words, you had a business that had two sections to it? One was the scratch sheet and one was the wire service?

Mr. KELLY. Yes.

Mr. ROBINSON. And from whom did you get your own wire service?

Mr. KELLY. We received that service from the Continental Press.

Mr. ROBINSON. Now, who brought the service from the Continental Press? Let's keep the two separate if we can. Did you buy the service for Illinois Sports News?

Mr. KELLY. Yes; I did.

Mr. ROBINSON. To use on the scratch sheet?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. From Continental?

Mr. KELLY. That is right.

Mr. ROBINSON. And then you distributed the wire service through the Illinois News Association part of your business?

Mr. KELLY. Right.

Mr. ROBINSON. Is that right?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. Now, during the first part of the year 1947 after you acquired this business, to whom were you selling your news, your wire news?

Mr. KELLY. In 1947, was it?

Mr. ROBINSON. Yes; who were your customers for the wire?

Mr. KELLY. I believe in the first part of the business, we were selling to Midwest News, that is all.

Mr. ROBINSON. Midwest News was the only one?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. Were you selling any news to the handbooks at that time?

Mr. KELLY. Direct?

Mr. ROBINSON. I mean your company.

Mr. KELLY. The company?

Mr. ROBINSON. Was the Illinois News Association?

Mr. KELLY. Yes; I believe they were.

Mr. ROBINSON. Selling city news to bookmakers when you first acquired it?

Mr. KELLY. The News Association was; yes.

Mr. ROBINSON. And it continued to do so after you acquired it?

Mr. KELLY. That is right.

Mr. ROBINSON. And was Midwest News also one of your distributors or customers of wire service?

Mr. KELLY. They were. Oh, I didn't own Midwest; no.

Mr. ROBINSON. I know you didn't, but was Midwest acquiring its service from Illinois News Association?

Mr. KELLY. Yes; they were. No—well, yes; I would say yes.

Mr. ROBINSON. Was there a period during that first part of June, or the first part of 1947, when you and Midwest—you in the sense of the Illinois News Association, and Midwest—were competing for customers in Chicago?

Mr. KELLY. They were.

Mr. ROBINSON. Would you describe what the condition was at that time so far as the competition was concerned?

Mr. KELLY. In regards to Midwest and the Illinois News Association?

Mr. ROBINSON. That is right.

Mr. KELLY. Midwest, the way I understood the picture, originally had customers in Chicago, and they also had a circuit outside of the State of Illinois, and they also had customers in the State of Illinois on a printers circuit. Illinois News Association had what you call a call-in service, customers would call in and get the results of different races over the phone, like who won the first race, or the second race, what the mutuels were, and so forth. That was the picture of that.

Mr. ROBINSON. Was there any competition for customers between Midwest and the Illinois News Association?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. There was. Was it very keen competition?

Mr. KELLY. Yes; there was.

Mr. ROBINSON. Who were the other competitors for customers?

Mr. KELLY. Well, there is rumors in the trade that R. & H. was a competitor.

Mr. ROBINSON. What was R. & H.?

Mr. KELLY. According to the papers, from what I gather, it must have been Hymie and his crowd.

Mr. ROBINSON. Who was his crowd? Who did you understand his crowd to be?

Mr. KELLY. Well, it must have been Guzik and Hymie Levin.

Mr. ROBINSON. Were they competing for customers along with Midwest and the Illinois News Association?

Mr. KELLY. I believe they were.

Mr. ROBINSON. Did you lose many customers to the R. & H. people?

Mr. KELLY. I don't think so.

Mr. ROBINSON. Did you lose any customers to Midwest?

Mr. KELLY. Well, they would pick up some of our customers and we in turn may pick up some of theirs.

Mr. ROBINSON. You didn't pick up any of R. & H. customers?

Mr. KELLY. No; I don't think so.

Mr. ROBINSON. You don't think they picked up any of your customers?

Mr. KELLY. No, sir; I don't believe so.

Mr. ROBINSON. What happened after that? What did you do about it?

Mr. KELLY. Well, Midwest and Illinois News Association merged.

Mr. ROBINSON. When did that merger take place?

Mr. KELLY. It was some time in June of 1947.

Mr. ROBINSON. Now we are up to the merger period in June or thereabouts of 1947.

Mr. KELLY. June or July, somewhere around in there.

Mr. ROBINSON. Of 1947. Was R. & H. getting any service from Illinois News Association at that time?

Mr. KELLY. They were not.

Mr. ROBINSON. They were not a customer of yours?

Mr. KELLY. They were not.

Mr. ROBINSON. Where were they getting their news?

Mr. KELLY. That I couldn't tell you. They may have been pirating it.

Mr. ROBINSON. Did you know of the Trans-American Co.?

Mr. KELLY. Trans-American was in business at the time. They may have been getting it off Trans-American.

Mr. ROBINSON. Do you know when Trans-American stopped business—stopped doing business?

Mr. KELLY. I think Trans-American as a supplier went down in June of 1947, June or July of 1947.

Mr. ROBINSON. Now, did you take on, with the Illinois Sports News, any of the employees of Trans-American?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. Who were the employees?

Mr. KELLY. Mr. Pat Burns came over to our office, our office at the plant, and applied for a job.

Mr. ROBINSON. Who was that?

Mr. KELLY. Pat Burns. Pat Burns was always a track man and regarded as one of the best track men in the country. He was a highly paid individual and we could use his services very much, so I employed him.

Mr. ROBINSON. Did you employ anyone else besides him?

Mr. KELLY. He and his son Andrew and his daughter Florence.

Mr. ROBINSON. That was the complete track crew?

Mr. KELLY. That is right; yes, sir.

Mr. ROBINSON. Trans-American you knew at that time, previous to that time, had been competing with Continental, is that right?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. And the competition had been, to say the least, a little keen?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. You knew that Pat Burns had left Continental after a dispute with Mr. Ragen? You knew that?

Mr. KELLY. Yes.

Mr. ROBINSON. Did you discuss with your brother anything about the hiring of Pat Burns?

Mr. KELLY. The hiring of Pat? I may have, and I may not. I just don't recall offhand. I knew we needed Pat very bad, and we needed the kind of service he could give.

Mr. ROBINSON. You didn't give any thought to the fact that Pat Burns had been running a business that had as its objective putting your brother out of business?

Mr. KELLY. No; I didn't.

Mr. ROBINSON. That didn't enter into it at all when you hired him?

Mr. KELLY. No; it didn't.

Mr. ROBINSON. You put him on solely because he was a good track man?

Mr. KELLY. That is right.

Mr. ROBINSON. And you don't recall any discussion you had with your brother about it?

Mr. KELLY. I may have, and I may not. I just don't recall.

Mr. ROBINSON. Do you remember whether you ever asked your brother for a recommendation?

Mr. KELLY. I consulted my brother on several things. I probably have.

Mr. ROBINSON. Do you consult your brother quite frequently about the operation of your business?

Mr. KELLY. I do.

Mr. ROBINSON. Do you remember what you paid Burns, what you offered to pay him?

Mr. KELLY. His salary?

Mr. ROBINSON. Yes.

Mr. KELLY. Pat Burns received a salary of \$250. His son, \$200. His daughter, \$125.

Mr. ROBINSON. That is a week, is it not?

Mr. KELLY. A week; yes sir.

Mr. ROBINSON. That excluded expenses?

Mr. KELLY. Oh, plus expenses that he accumulates out at the track.

Mr. ROBINSON. That would be a total to the family of about \$475 or \$500?

The CHAIRMAN. Five hundred and seventy-five dollars.

Mr. KELLY. Five hundred and twenty-five dollars, I think.

Mr. ROBINSON. Five hundred and twenty-five dollars?

Mr. KELLY. Somewhere around that.

The CHAIRMAN. Let's get these figures again. Two hundred and fifty dollars a week to Pat Burns?

Mr. KELLY. Yes, sir.

The CHAIRMAN. How much to his wife?

Mr. KELLY. Not his wife.

The CHAIRMAN. The son, \$200, I believe it is; and his daughter, \$125.

That is \$575, according to my calculation.

Mr. KELLY. I may be off on that. It is around that.

The CHAIRMAN. That is in the neighborhood, and you pay their expenses in addition to that?

Mr. KELLY. Yes, sir.

The CHAIRMAN. What do they do? I didn't understand what they were going to do for you.

Mr. KELLY. I didn't get the question.

The CHAIRMAN. What were they going to do for that sort of money for you?

Mr. KELLY. Relay track news into Illinois Sports News, which I in turn put on the wire and sold to Continental.

The CHAIRMAN. How soon did they go to work for you after Trans-American folded up—immediately?

Mr. KELLY. It may have been less than a week's time. A week's time, I would say, the least. Less than a week, or a week.

The CHAIRMAN. They were good people, and you were glad to get them?

Mr. KELLY. Absolutely.

The CHAIRMAN. Did you talk with them about it several days before you employed them?

Mr. KELLY. Pardon?

The CHAIRMAN. Did you talk with them about it several days before you employed Mr. Burns?

Mr. KELLY. I only talked to him that one day, when he came in the office.

The CHAIRMAN. He came in, and about a week after they went out of business, and you immediately employed him and his son?

Mr. KELLY. They came in applying for the job, and I told him I would be glad to have him in the organization.

The CHAIRMAN. All right; excuse me.

Mr. ROBINSON. Around July of 1947 the merger took place; is that right?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. Between the Illinois News Association and the Midwest?

Mr. KELLY. Yes.

Mr. ROBINSON. Now, what was the reason for that merger?

Mr. KELLY. More or less to keep from fighting one another and also to keep down all expenses, to make more money out of the business.

Mr. ROBINSON. And who became owner of the newly created company?

Mr. KELLY. There were three partners in the merger: Syl Farrell, James Frestel, and myself.

Mr. ROBINSON. And what was the agreement among the partners as to what would be—

Mr. KELLY. We were each to draw out an equal amount of money over and above all expenses for the full year.

Mr. ROBINSON. Now, at that time, you were the sole owner of the Illinois Sports News?

Mr. KELLY. Yes, I was.

Mr. ROBINSON. That was the scratch sheet?

Mr. KELLY. Yes.

Mr. ROBINSON. And you were also a third partner in the two companies which merged which had the wire service?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. And the name of that company was the Midwest Illinois Sports News?

Mr. KELLY. News Service.

Mr. ROBINSON. And how long did that company remain in existence?

Mr. KELLY. We remained in that partnership for a period of——

Mr. ROBINSON. Up until about the first of 1949 or the latter part of December 1948?

Mr. KELLY. Up until the end of 1948, and then in 1949, then we sold the business, at the beginning of 1949.

Mr. ROBINSON. All right.

Now, while it was the Midwest Illinois News Association, the merged company, where did the wire service come?

Mr. KELLY. From Illinois Sports News.

Mr. ROBINSON. That was part of the agreement?

Mr. KELLY. Yes; it was.

Mr. ROBINSON. That Illinois Sports News would sell the news, the wire news, to the Midwest Illinois News Co.?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. And what was the agreement as to what amount Midwest Illinois would pay to Illinois Sports News?

Mr. KELLY. Pardon?

Mr. ROBINSON. What was the agreement as to the amount of money that the Midwest Illinois Sports News or the Midwest Illinois News Service would pay to the Illinois Sports News?

Mr. KELLY. I think it was approximately \$3,500 or \$4,000 a week. Sometimes it would be less and sometimes more.

Mr. ROBINSON. Why would it be sometimes less and sometimes more?

Mr. KELLY. Well, it depends on how many customers you had, and so forth.

Mr. ROBINSON. How many customers who had?

Mr. KELLY. We.

Mr. ROBINSON. Now, you are speaking of yourself as a partner in the Midwest Illinois News?

Mr. KELLY. Yes, sir; that is right.

Mr. ROBINSON. And do you remember the amount that was actually paid for the wire news by Midwest Illinois to Illinois Sports News? Didn't it fluctuate?

Mr. KELLY. It did fluctuate, but in an over-all picture for the year I think it ran approximately \$4,000 a week.

Mr. ROBINSON. Well, didn't the rate in effect fluctuate from \$2,000 a week during some period up to \$10,000 a week during some period?

Mr. KELLY. I believe it did, but that was to cover up for some payment—not to cover up—but overcome some of those payments. One week I paid \$2,000 and I couldn't pay \$4,000. The next week I would pay \$7,000 to help defray the \$2,000 week.

Mr. ROBINSON. In other words, to help out Midwest Illinois?

Mr. KELLY. That is right.

Mr. ROBINSON. Now, do you know during the middle part or latter part of 1947 where R. & H. was getting the news?

Mr. KELLY. The latter part of——

Mr. ROBINSON. Trans-American went out of business in June or July of 1947. Now, after that period of time, did R. & H. get any news from you?

Mr. KELLY. Evidently they weren't getting it of us. They must have been getting it some place to stay in business.

Mr. ROBINSON. Do you know whether they were getting it off of Midwest before the merger.

Mr. KELLY. I don't think so; I became a partner then, and I am pretty sure they didn't get it from Midwest.

Mr. ROBINSON. Now, when did R. & H. first make arrangements to purchase news from you?

Mr. KELLY. That was in September of 1947.

Mr. ROBINSON. That was after the merger?

Mr. KELLY. September of 1947.

Mr. ROBINSON. That was after the merger, and the——

Mr. KELLY. Yes; it was.

Mr. ROBINSON (continuing). Company is Midwest Illinois News?

Mr. KELLY. Yes.

Mr. ROBINSON. Will you describe the circumstances under which you made arrangements to sell news to the R. & H. Co.?

Mr. KELLY. Mr. Katz came into my office and said he would like to buy the news. I asked him how much money he would be willing to pay for it and what kind of service he wanted. He said regular track service.

Mr. ROBINSON. Wait a minute. He came into your office?

Mr. KELLY. Yes.

Mr. ROBINSON. What office?

Mr. KELLY. The scratch-sheet office.

Mr. ROBINSON. That is in the Illinois——

Mr. KELLY. At 906 South Wabash.

Mr. ROBINSON. Is that the Illinois Sports News office?

Mr. KELLY. It is.

Mr. ROBINSON. The Midwest Illinois had another office?

Mr. KELLY. They had a separate office entirely.

Mr. ROBINSON. All right. Go ahead.

Mr. KELLY. Well, he pulled out a scratch sheet—not a scratch sheet, but a publication that is a general over-all picture of all sporting events, and on the back page there are a couple of columns there that are used for horse selections.

He said, "That is what I want to use it for."

Well, I figured this must be, when I saw the sports condensed news, from all the talk in the paper, and everything, this must be Katz from R. & H.—I mean, yes, R. & H.

Naturally, I tried to get as big a price out of the man as I possibly can, so I set a rate of \$1,300.

Mr. ROBINSON. Had you met him before that?

Mr. KELLY. No, sir; I had not.

The CHAIRMAN. \$1,300 a week?

Mr. KELLY. Pardon?

The CHAIRMAN. \$1,300 a week?

Mr. KELLY. That is right; yes, sir.

Mr. ROBINSON. Had you ever seen a scratch sheet before that?

MR. KELLY. I had seen it when we were working over there, when we were establishing Mr. Burke's sheet, the Green Sheet. There was a sheet similar to this; of course, the make-up on the sheet today is entirely different than the one we saw there at that time, but it was condensed news, and we were told by the people over there that that was competition to our sheet.

MR. ROBINSON. Well, did that competition actually ever affect your sheet?

MR. KELLY. Well, it was Katz and Hymie and them were supposed to be the publishers of that particular sheet.

MR. ROBINSON. Didn't you know as a fact that they did not have a great deal of circulation for that sheet?

MR. KELLY. I don't know what their circulation was; no, I did not.

MR. DEMPSEY. I think you used the word "scratch sheet" to describe that. Sport Condensed News is not a scratch sheet.

MR. ROBINSON. What is it, a sports publication?

MR. KELLY. It is a sports publication, a general over-all picture of all the sporting events.

MR. ROBINSON. Well, now, did you make the final settlement of the deal with Katz on his first appearance, or did you decide to give some consideration to it?

MR. KELLY. At the time he came into the office; no, I don't think I did at the time. I believe Mr. Katz came in a couple of days later. I told him I would like to talk it over—I mean, think it over. In the meantime I am trying to figure out a way to get as much money as possible out of him, because he is going to use my service.

So I guess I talked to my brother about it.

MR. ROBINSON. You did actually talk to your brother about it, didn't you?

MR. KELLY. I believe I did.

MR. ROBINSON. What did your brother recommend?

MR. KELLY. He said, "Well, you can't be partial. You have to sell the services to anybody that wants it."

MR. ROBINSON. Did you know what Katz actually wanted the service for at the time?

MR. KELLY. At the time I didn't know exactly, but I assumed he was going to use it for the same purpose we were using it, and——

MR. ROBINSON. In other words, to sell it to the bookmakers?

MR. KELLY. That is right.

MR. ROBINSON. Yes. Well, what was the final arrangement with him? You asked for \$1,300 or \$1,200 a week?

MR. KELLY. I think a couple of days later Mr. Katz came in the office and he set a rate of \$750. That is the best price I could get out of the man. So that was the reason we sold him the service for that.

MR. ROBINSON. He came into your office and said that the price would be \$750?

MR. KELLY. That is right.

MR. ROBINSON. And was there any discussion at that time as to whether or not there would be an adjustment of that rate on any conditions?

MR. KELLY. We talked on that, and I asked him what he—rather, he asked me what he would do if he wanted to come in and have a cut.

I said, "Well, if such a thing arises where you think you deserve a cut, you come in and we will get together, and if I think I should get more money out of it, I will contact you."

Mr. ROBINSON. Now, did Mr. Katz ever come in and discuss with you the matter of getting a cut in the rate?

Mr. KELLY. No; he has not.

Mr. ROBINSON. And you have never gone to Mr. Katz and discussed the matter of raising the rate?

Mr. KELLY. No; I haven't.

Mr. ROBINSON. Why is that?

Mr. KELLY. Why is that? For the simple reason that I believe the Kefauver committee wrote a statement, or put a statement in the paper, that Mr. Katz had 88 customers. I don't personally believe he had that many, for the simple reason at the time all this investigation coming out, why, a lot of these people went out of business.

Mr. ROBINSON. Well, why didn't you go discuss it with him?

Mr. KELLY. So I figured he had roughly, probably about 30 customers.

Mr. ROBINSON. Well, why didn't you go discuss with him what his customers were, how many he had, what his business conditions were?

Mr. KELLY. I just never did think of it at the time.

Mr. ROBINSON. Well, you did that as far as Midwest Illinois, didn't you, or Midwest, when they were your customers?

Mr. KELLY. I don't get the question, sir.

Mr. ROBINSON. You have done that so far as—

The CHAIRMAN. Louder, he cannot hear you.

Mr. ROBINSON. You have done that so far as your other customers are concerned, haven't you?

Mr. KELLY. I did that so far as other customers?

Mr. ROBINSON. I say, you have done that, discussed the business of your other distributors with them, when you were attempting to adjust the rate?

Mr. KELLY. Oh, yes.

Mr. ROBINSON. I mean, you go to Midwest—

Mr. KELLY. That is right; yes, sir. Well, I was part owner of Midwest at the time.

Mr. ROBINSON. You go to General and discuss conditions with them, don't you?

Mr. KELLY. Yes, I do.

Mr. ROBINSON. And adjust their rates up and down, depending upon the amount of their business?

Mr. KELLY. That is right.

Mr. ROBINSON. Why have you never gone to R. & H.?

Mr. KELLY. Evidently I just did not—I did not figure he had that many customers.

Mr. ROBINSON. Why did you leave it to figuring? Why didn't you discuss it with them?

Mr. KELLY. I did try to get a hold of Mr. Katz a couple of times, and I could never get a hold of him.

Mr. ROBINSON. Did you ever discuss it with Ray Jones?

Mr. KELLY. No, I never. I don't know Ray Jones.

Mr. ROBINSON. Did you ever discuss it with Hymie Levin?

Mr. KELLY. I don't know Hymie. I never met the man.

Mr. ROBINSON. In other words, you gave this customer a preferential rate, didn't you?

Mr. KELLY. That is right.

Mr. ROBINSON. Of \$750, a flat rate?

Mr. KELLY. Yes, sir.

Mr. DEMPSEY. I wonder if you will repeat that. I am not sure Mr. Kelly heard what you said.

Mr. ROBINSON. In other words, you gave Mr. Katz a preferential rate, didn't you?

Mr. KELLY. I wouldn't say it was preferential. That was the best rate I could get at the time.

Mr. ROBINSON. It is preferential in the sense he is paying you \$750 a week for the rate, and there never has been any question or discussion with him as to whether it should be higher or lower, the type of discussion you have had with other customers?

Mr. KELLY. Well, I would say "No."

Mr. ROBINSON. Well, that is right, you have raised your Midwest Illinois News rate from \$2,000 to \$10,000 a week, \$7,000 and \$8,000, and all during the time——

Mr. KELLY. Midwest Illinois——

Mr. ROBINSON. All the time you were making those adjustments in the rate, the rate to R. & H. Co. remained at \$750 a week.

Mr. KELLY. Midwest Illinois were also going outside of the State, where I did not think Mr. Katz was going out of the State.

Mr. ROBINSON. Precisely. But you have discussed with them what their business conditions are, in order to adjust the rate, haven't you?

Mr. KELLY. I probably did. I just don't recall.

Mr. ROBINSON. Yes; and you never have discussed with R. & H. what their business is?

Mr. KELLY. Not offhand.

Mr. ROBINSON. Is there any particular fear on your part of discussing business with R. & H.?

Mr. KELLY. I wouldn't say it was fear; no, sir.

The CHAIRMAN. What is it, Mr. Kelly, if you know?

Mr. KELLY. I can't say, but I would not say that it was fear.

Mr. HALLEY. Pardon me. I have just counted the number of outlets for R. & H. listed in the report of the Interstate and Foreign Commerce Committee. It is 113 direct outlets, of which more than half are not single accounts, but have outlets leading from them to still others who are not listed, plus 15 outlets through Condensed Sports News, making a total minimum outlets of 128, plus the various outlets from any of these bookies who gave news to someone else.

Mr. KELLY. May I ask, Mr. Halley, who gave you those figures?

Mr. HALLEY. I gave you those figures; I just counted them myself.

Mr. KELLY. I mean, is that the Western Union figures?

Mr. HALLEY. No; these are the figures published by the Interstate and Foreign Commerce Committee, to which you referred.

You said it was 88, and I just gave you a recount.

Mr. KELLY. I doubt very much whether they have that many customers at the present time.

Mr. HALLEY. I am not going to argue that point with you. Mr. Robinson is questioning you. I just want the record straight on the

fact that they list not 88, but 128, and that is a starting point from which you should figure out how many they actually have.

Mr. KELLY. I see.

The CHAIRMAN. I think this should be put in the record, and this partly answers your question, Mr. Kelly, that on page 835 of this Interstate and Foreign Commerce Committee report it is stated:

These names and addresses were obtained directly from the distributors that are listed as supplied by those who distribute or sell the racing news. It should be noted that there is no evidence before the committee that any specific name or address herein listed is a bookmaker. All, however, are the recipients of horse-racing news, either by wire, ticker, or telephone.

So apparently R. & H. furnished this information themselves.

Mr. ROBINSON. Mr. Kelly, prior to the merger, R. & H. was endeavoring to take customers away from either the Illinois News Association or the Midwest Illinois; is that right?

Mr. KELLY. Yes.

Mr. ROBINSON. And from June until October of 1947, you knew as a matter of fact that R. & H. was not getting its service from you or any company you were associated with?

Mr. KELLY. Right.

Mr. ROBINSON. You knew also that Trans-American was out of business?

Mr. KELLY. Yes.

Mr. ROBINSON. Do you know where R. & H. was getting its service?

Mr. KELLY. Do I know where they were getting it from?

Mr. ROBINSON. Yes.

Mr. KELLY. No; I don't.

Mr. ROBINSON. Where could they have gotten it?

Mr. KELLY. Several ways you can get service.

Mr. ROBINSON. How?

Mr. KELLY. Well, for one way, I will try to describe or explain one way in particular—

Mr. ROBINSON. Let's simplify it. Were they stealing it, in your opinion?

Mr. KELLY. They may have been.

Mr. ROBINSON. Did you suspect that they were?

Mr. KELLY. They probably were.

Mr. ROBINSON. You knew they weren't getting it from Continental?

Mr. KELLY. I knew they definitely weren't getting it from me.

Mr. ROBINSON. So that would leave the only alternative that they were stealing it; isn't that right?

Mr. KELLY. Yes.

Mr. ROBINSON. Now, it is an expensive proposition to steal the news, isn't it, for a distributing company?

Mr. KELLY. I would say it would be.

Mr. ROBINSON. If you had not put R. & H. on as a distributor or customer for your wire service, you would in effect have been able to take their customers away from them? And they had been trying to take customers away from you previously?

Mr. KELLY. I imagine so.

Mr. ROBINSON. You could have taken customers away from them?

Mr. KELLY. Not necessarily. I probably couldn't keep them from pirating.

Mr. ROBINSON. But that would have been expensive to them.

Mr. KELLY. I imagine so.

Mr. ROBINSON. And being expensive to them, you would have been in a position, since you had merged, to give a better rate to their customers, isn't that right?

Mr. KELLY. I don't know. I probably would have been in a better position.

Mr. ROBINSON. In fact, you could have saved a lot more money and made a lot more money than the \$750 a week you got from them?

Mr. KELLY. Maybe so.

Mr. ROBINSON. So, why did you put them on?

Mr. KELLY. Why didn't I put their customers on?

Mr. ROBINSON. Why did you take them on at \$750 a week?

Mr. KELLY. That was the best rate I could get at the time.

Mr. ROBINSON. What happened in the latter part of December 1948, so far as the Midwest Illinois News Association was concerned?

Mr. KELLY. The latter part of December 1948, Mr. Frestel, who was one of the partners, was very sick. As a matter of fact, he had a heart ailment, and he had been sick practically the whole year of 1948. By me trying to take care of my scratch-sheet business and still be in the service end of it, which was my Midwest Illinois News, Sylvester Farrell, Frestel, and myself got together. I told him what I had intentions of doing. I had intentions of getting out of the service business. Jimmy spoke up and said, "I am not too well; I would like to do the same thing." I said I would like to stay in it, keep the business together, but I don't think I can burden myself.

So, we kept on talking about it and we decided, if we could sell the business, we would leave Syl Farrell try to go about getting a buyer and sell the business.

I think Syl met Mr. Scanlan and told him about well, "We are going to sell Midwest Illinois News, and Scanlan seemed to be interested in the business so he said to Syl, "I am interested in the extent that I will take the Chicago or the Illinois part of it and forget about anything across the State lines to any other customers you have."

Mr. ROBINSON. Who said that, Farrell?

Mr. KELLY. Mr. Scanlan.

Mr. ROBINSON. Scanlan.

Mr. KELLY. So we sold the business in the State of Illinois. In other words, to Mr. Scanlan, for a sum of—

Mr. ROBINSON. Did Mr. Scanlan say why he didn't want anything except the Illinois?

Mr. KELLY. He didn't say to me. He left the whole transaction of the sale of the business up to Sylvester Farrell.

Mr. Scanlan gave us a sum of \$15,000 for the business. He used—he still retained Mr. Frestel and Mr. Farrell to run the business in the same capacity as they had previously been in at the rate, a weekly salary of \$200 a week for a period of ten years. In turn, my end of it was to get \$200 a week for a period of ten years for publishing a scratch sheet which Mr. Scanlan wanted me to publish and also act—for myself to act in the consulting capacity.

Mr. ROBINSON. Well, the result was that then the new company became the Midwest?

Mr. KELLY. That new company they changed the name of it to the Midwest News Service.

Mr. ROBINSON. The Illinois News Association——

Mr. KELLY. The Illinois News part of it was dropped out.

Mr. ROBINSON. It went out and there was a new company, General News, established?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. The agreement also was the Illinois Sports News, which you own——

Mr. KELLY. I was to sell the service to Midwest.

Mr. ROBINSON. You were to sell the service to Midwest?

Mr. KELLY. That is right.

Mr. ROBINSON. And to General?

Mr. KELLY. That is right; yes, sir.

Mr. ROBINSON. Had you known John Scanlan for any length of time?

Mr. KELLY. No; I don't know—I had previously met Scanlan; I knew him from hanging around the Racing Form over on Plymouth Court. I seen him around there several times.

Mr. ROBINSON. Did you know anything about his previous occupations in Chicago?

Mr. KELLY. No; I didn't know where he had worked or anything else; No; I didn't.

Mr. ROBINSON. Do you know how Farrell met him?

Mr. KELLY. No. Did I know Farrell?

Mr. ROBINSON. How did Farrell meet him and bring him into the business?

Mr. KELLY. I guess Farrell was a boyhood acquaintance of him.

Mr. ROBINSON. That is all you know about it?

Mr. KELLY. That is all I know about it.

Mr. ROBINSON. Do you know whether Scanlan had been connected with any of these three, like Ray Jones, or Phil Katz, or Hymie Levin?

Mr. KELLY. I didn't know.

Mr. ROBINSON. You never knew of that?

Mr. KELLY. No.

Mr. ROBINSON. Did you suspect it at the time?

Mr. KELLY. No; I didn't even suspect it.

Mr. ROBINSON. Did you at one time in the Illinois Sports News enter into some form of contract with the Universal Sports News, a company in California?

Mr. KELLY. I did.

Mr. ROBINSON. What were the negotiations?

Mr. KELLY. I received a phone call one morning—I didn't receive it; I was working in the back of the plant; I was called to the phone; and it wasn't in the morning, it was, oh, well, probably you could consider it morning, around 10 or 11 o'clock. There was a party called me to the phone; our editor called me to the phone and told me I was wanted on the phone. So, I answered the phone; the party on there asked, or was telling me they were representative of the Universal Sport News in Los Angeles. I didn't quite get the name. As a matter of fact, I don't get names today on the phone; and when you are

talking to me right here, I still don't follow you. But he told me he had service to sell me, and something that I really needed, which was scratches, prices, the jockeys, and so forth, from the California tracks. Naturally I became interested in the conversation, and we kept on talking and I asked him what he wanted for that service and he told me \$500.

Mr. ROBINSON. A week?

Mr. KELLY. \$500 a week.

Mr. ROBINSON. Had you any service from the California tracks at that time?

Mr. KELLY. Previous to that, previous to that time I believe Continental was giving me service on the California tracks, but around that time, or 3 or 4 months probably before that time, the wire had been taken out of California and I was getting no news out of there whatsoever.

Mr. ROBINSON. Yes. Go ahead.

Mr. KELLY. So I say, "If you will send me your service, and keep on giving us a trial line-up for one week, if we find it satisfactory to us, why we will be glad to pay you \$500." So we had a trial of—I mean a trial on the service for 1 week, and it was satisfactory, and our editor told us it was satisfactory, and we were sending checks to the Universal News for \$500 for the service they were giving to us.

Mr. ROBINSON. But you never did ascertain who the individual was that was representing himself—

Mr. KELLY. I did not; no.

Mr. ROBINSON. As Universal News?

Mr. KELLY. That is right.

Mr. ROBINSON. You never made any effort to inquire who the individual was?

Mr. KELLY. No; I didn't. The only time I became interested in it was sometime in February when our plant, Illinois Sports News, was—

Mr. ROBINSON. What year was that?

Mr. KELLY. Of 1950, rather.

Mr. ROBINSON. This was how long after you had first made the deal with Universal?

Mr. KELLY. Well, I checked—Mr. Dempsey and myself checked the books, had checked back on the books, and we find out we are paying Universal this \$500 a week for a period of 1947 up to the present time of 1950, February of 1950, but it seemed to me that that phone call came in the year of 1949. However, we didn't have no way of checking back whether this Universal that we were receiving the news from up to 1950 was the same Universal News Service that was on from 1947.

So, our bookkeeper took it for granted that was the same Universal News Service. Evidently that is the period of time it came on, but it seemed to me the phone call—that phone call come in around sometime in 1949.

Mr. ROBINSON. O. K. You had it up until February of 1950?

Mr. KELLY. In February of 1950, when we were getting all this adverse publicity, why, I checked back—

Mr. ROBINSON. What do you mean "adverse publicity"?

Mr. KELLY. And tried to find out if—

Mr. ROBINSON. What "adverse publicity" do you mean, Mr. Kelly?

Mr. KELLY. In the papers.

Mr. ROBINSON. What about?

Mr. KELLY. They claimed that we were connected with Jack Dragna in Los Angeles, Calif. Naturally, everybody at the plant is interested in asking who Dragna is, and nobody seems to know the answer. I'd been walking into the plant one morning and our bookkeeper was checking on the back of the checks to see who countersigned the checks, and we find Dragna's name in there. That is when we first heard about Dragna.

Mr. ROBINSON. You never talked to him after that?

Mr. KELLY. I never talked to the man after that.

Mr. ROBINSON. Did you cut him off after that—

Mr. KELLY. I cut him off in less than a week's time, I think. No; the services ended Saturday. We left the week finish out, and then we just cut him off entirely.

Mr. ROBINSON. Did he get in touch with you or did anyone from Universal News get in touch with you about the cutting off?

Mr. KELLY. Never heard anything of it.

Mr. ROBINSON. Never heard another word about it?

Mr. KELLY. No, sir.

Mr. ROBINSON. You never saw Dragna after that?

Mr. KELLY. No, sir. I wouldn't know the man if he was in the room today.

Mr. ROBINSON. Did anyone ever call on his behalf?

Mr. KELLY. No, sir.

Mr. ROBINSON. To ask why he was cut off?

Mr. KELLY. No, sir.

Mr. ROBINSON. Now, you buy news, the Illinois Sports News buys news, from Continental; is that right?

Mr. KELLY. Yes; I do.

Mr. ROBINSON. Do you also sell news?

Mr. KELLY. I do.

Mr. ROBINSON. To Continental? Now, would you describe the system under which you buy and sell news to and from Continental?

Mr. KELLY. Continental sells us—take the summer months for an illustration. Our eastern tracks run in the summertime, and there are also local tracks running in the summertime. We in turn get our eastern tracks from Continental, and we then sell Continental the local tracks, which are Washington, Hawthorne—Washington Park, Hawthorne—well, you know the names of the various tracks in the city.

Mr. ROBINSON. What do you charge Continental for that service?

Mr. KELLY. Pardon?

Mr. ROBINSON. What do you charge them for that—

Mr. KELLY. We charge them \$400 a day—the same as they charge us.

Mr. ROBINSON. And do you also supply Continental with news from tracks outside of Chicago at various times during the season?

Mr. KELLY. Now, you will have to talk to Mr. O'Grady on that. I am not "up to snuff" on the track business.

Mr. ROBINSON. Well, isn't it true that you have crews out getting the news from tracks down in Louisville or in Hot Springs?

Mr. KELLY. Louisville, yes. I know that for a fact.

Mr. ROBINSON. Those are your crews; aren't they—the Illinois Sports News crews?

Mr. KELLY. The Illinois Sports News? Mr. O'Grady makes all arrangements for the tracks and——

Mr. ROBINSON. Well, you know what your own crewmen do—don't you—from your own company?

Mr. KELLY. Pardon, I didn't hear the question.

Mr. ROBINSON. I say, you know what your own employees do—don't you—from your own company?

Mr. KELLY. Mr. O'Grady handles it all.

Mr. ROBINSON. Well, isn't it true that the crews of Illinois Sports News gather the news at various race tracks in the country and put the news——

Mr. KELLY. I would say the local tracks——

Mr. ROBINSON. Wait a minute, now. And put the news on the nearest Continental line?

Mr. KELLY. I still don't follow you, sir.

Mr. ROBINSON. Doesn't the Illinois Sports News have track crews of its own that get news out of the track outside of Chicago?

Mr. KELLY. I believe they do down in Louisville.

Mr. ROBINSON. Yes, that is one place?

Mr. KELLY. Yes.

Mr. ROBINSON. Now, when they get the news, they put it on the nearest Continental wire?

Mr. KELLY. I believe that is right.

Mr. ROBINSON. Where does that news come to?

Mr. KELLY. It comes direct to Illinois Sports News.

Mr. ROBINSON. To what office in Illinois Sports News?

Mr. KELLY. It can either come—I don't know. I don't know how it is set up.

Mr. ROBINSON. Doesn't Continental rent a wire room at Illinois Sports News?

Mr. KELLY. Yes.

Mr. ROBINSON. And pays you \$200 a month for it?

Mr. KELLY. Yes, they do.

Mr. ROBINSON. And isn't that where the wire news comes in over the Continental wire?

Mr. KELLY. When we receive our own news, we send the wire to our place first, and then into the Continental room. Continental distributes it to distributors. That is the understanding I have on it.

Mr. DEMPSEY. I think Mr. O'Grady can clear it up.

It comes into that Continental room for Continental's purposes. It is received on a separate wire in another room of the Illinois Sports News establishment, and that is where Illinois Sports News gets it.

Mr. HALLEY. What was the net income of Illinois in 1949?

Mr. KELLY. I didn't get the question. I didn't quite get your question.

Mr. HALLEY. How much money did Illinois make in the year 1949?

Mr. KELLY. In the year 1949? I think we paid a tax of \$50,000?

Mr. HALLEY. Your total profit was how much?

Mr. KELLY. That I couldn't say offhand. You would have to look into the records.

Mr. HALLEY. That is a copartnership?

Mr. KELLY. It is.

Mr. HALLEY. Between yourself—

Mr. KELLY. Right now it is a partnership; yes.

Mr. HALLEY. Who are the other partners?

Mr. KELLY. My nephew, Thomas Kelly, Jr.

Mr. HALLEY. Tom Kelly's son?

Mr. KELLY. That is right.

Mr. HALLEY. And you are Tom Kelly's brother?

Mr. KELLY. That is right, sir.

Mr. HALLEY. Now, what did you pay—

The CHAIRMAN. What was that on?

Mr. HALLEY. That is the tax they paid on the income.

Mr. DEMPSEY. You have all of those figures here. The books have been turned over.

The CHAIRMAN. Yes, we have them.

Mr. HALLEY. I am curious to see if the witness knows his own income for 1949.

Mr. KELLY. Well, it is all handled by my auditors.

Mr. HALLEY. How much did you make personally in 1949?

Mr. KELLY. I would say around \$40,000, maybe \$50,000.

Mr. HALLEY. That would be your personal income?

Mr. KELLY. That would be personal, yes.

Mr. HALLEY. And your nephew made the same amount, then?

Mr. KELLY. I imagine it was around that figure.

Mr. HALLEY. Well, it would have to be, would it not?

Mr. KELLY. Yes, around that.

Mr. DEMPSEY. I think the date of the formation of the partnership would effect that question. It was not in effect all during the year 1949.

Mr. HALLEY. Well, how much did you make out of the partnership in 1949, about \$50,000?

Mr. KELLY. Gee, I wouldn't hazard a guess.

Mr. HALLEY. Your total income was about fifty thousand?

Mr. KELLY. My personal tax in that year was between forty-eight and fifty thousand dollars.

Mr. HALLEY. During the year 1949, how much did Illinois pay to Continental?

Mr. KELLY. Between what years, sir?

Mr. HALLEY. In 1949?

Mr. KELLY. 1949? I assume it was around—I tried to keep the rate at around \$5,000 a week, so that must be \$250,000 a year, approximately.

Mr. HALLEY. The rate goes up and down?

Mr. KELLY. It does. I try to keep it around \$5,000.

Mr. HALLEY. You have no actual contract with Continental Sports News, is that right?

Mr. KELLY. No, sir; it is oral.

Mr. HALLEY. And do you sit down with your brother and discuss how much the price should be each week?

Mr. KELLY. No, we don't.

Mr. HALLEY. Who makes the decision as to how much you should pay?

Mr. KELLY. It is what I can afford. I try to keep it around \$5,000.

Mr. HALLEY. You say it is about what you can afford?

Mr. KELLY. That is right.

Mr. HALLEY. Well, suppose you decided you would like to make \$200,000 yourself instead of \$50,000. Would your brother let you cut that price down to a thousand a week?

Mr. KELLY. It would all depend on my personal income in the sense of what my daily paid circulation was, how much money I was taking in.

Mr. HALLEY. What do you mean by paid circulation?

Mr. KELLY. We print a scratch sheet, and the actual sales of the scratch sheet is around 23,400 daily.

Mr. HALLEY. Now, to that you would add the income from your racing wire to the books, isn't that right?

Mr. KELLY. That is right, everything included. Then, if I could see where I could keep it at a steady rate for the year round, I would try to keep it around \$5,000.

Mr. HALLEY. In other words, you would try to pay your brother as much as you can?

Mr. KELLY. I wouldn't say that. I try to pay him a good substantial rate and still keep a decent profit for myself.

Mr. HALLEY. Who decides what a decent profit for yourself should be?

Mr. KELLY. My partner and myself.

Mr. HALLEY. And your brother doesn't ever discuss with you what it should be?

Mr. KELLY. He doesn't.

Mr. HALLEY. And he doesn't ask you for a special particular payment for the wire service?

Mr. KELLY. No, sir.

Mr. HALLEY. Is this a sort of friendly family affair?

Mr. KELLY. I would say so.

Mr. HALLEY. Thank you.

The CHAIRMAN. Is there anything else, Mr. Robinson?

Mr. HALLEY. There were just two other things.

The first was, during at least the year 1949, or part of it, Jack Dragna—though you didn't at the start know who it was—

Mr. KELLY. I didn't know definitely.

Mr. HALLEY. Jack Dragna was working for Illinois Sports News, is that right?

Mr. KELLY. He was working. If it was Mr. Dragna that called, he represented himself as Universal Sports News. We did not know whether it was Dragna or who it was that called.

Mr. HALLEY. It turned out to be him, is that right?

Mr. KELLY. Evidently it did.

Mr. HALLEY. I think you mentioned that, although you had some other people collecting the news, they stopped before the time Dragna came in?

Mr. KELLY. Continental was giving us the news, except selection on horses. Their wire was taken out, so we didn't have no way of getting the news. That is how Universal came into the picture.

Mr. HALLEY. We understood, and correct me if it is wrong, we understood that during the exact period when you were paying

Dragna \$500, you were paying Pioneer of California \$100 a week, and William Cooper in California \$75 a week, for getting the news.

Mr. KELLY. Cooper, as far as Cooper was concerned, he was more or less a backstop. If Universal News did not come through, Cooper saw that it did come through. He was on their payroll, yes.

Mr. HALLEY. What explains the disparity between the tremendous difference in price, the \$75 Cooper would get and the \$500 that Dragna would get?

Mr. KELLY. Because Cooper was actually one of our employees. Dragna was not.

Mr. HALLEY. Was Cooper on your payroll before Dragna called you?

Mr. KELLY. I believe so. I am not sure. You would have to check it in the books.

Mr. HALLEY. Was Cooper's service unsatisfactory?

Mr. KELLY. Cooper? Well, there are different ways of getting it, whichever one is the best, we take it regardless of who it is, who gives it to us.

Mr. HALLEY. If you were getting a satisfactory service from Cooper for \$75 a week, would you explain why it was necessary to take on Universal for \$500 a week?

Mr. KELLY. Evidently Cooper was calling into one of Continental's nearest offices and they would in turn put it on the wire. When Continental's wire was taken out of there, Dragna or Universal came up with the idea of giving us the service so we got it that way.

Mr. HALLEY. But Cooper kept on giving it to you anyhow?

Mr. KELLY. I told you he was used as a backstop.

Mr. HALLEY. Backstop whom you could count on to work as the full-time first-string pitcher, too, couldn't he?

Mr. KELLY. He is more or less in reserve. If the service didn't come in one way, he would try and get it to us.

Mr. HALLEY. How did Universal get it to you? Would they telephone it in?

Mr. KELLY. Evidently it did come in over the phone. We would get it every morning.

Mr. HALLEY. Couldn't Cooper phone it in?

Mr. KELLY. Yes, sir. I don't know how Cooper was sending it in.

Mr. HALLEY. You didn't know who this Universal outfit was? Somebody just called; just a voice on the telephone, is that right?

Mr. KELLY. That is right.

Mr. HALLEY. And it came exactly at a time when you were getting service from Cooper?

Mr. KELLY. No—I don't know. O'Grady evidently can straighten this picture up for you thoroughly. I can't fully explain the thing myself, but you are getting me all confused the way you are giving it to me.

Mr. HALLEY. Well, I won't confuse you any more about it.

Mr. Chairman, for the record, at this time, during the course of the day two documents have come into the committee's possession, and for what they are worth we would like to offer them in evidence.

One is a letter dated February 24, 1947, on the letterhead of George W. Rochester, attorney at law, addressed to Trans-American Publish-

ing and News Service, to the attention of Mr. Ralph O'Hara, and it says:

GENTLEMEN: I presume Mr. Jack Dragna has talked by phone to you in regard to the outcome of the trial of People versus Moran—

and so on, and then goes on to say:

Mr. Dragna asked me to state to you the necessary costs for the appeal to the appellate department of the superior court. You will find enclosed my statement of the costs known as of this date—

and so on.

Then, "Yours very truly, Geo. W. Rochester."

The CHAIRMAN. This is from George W. Rochester of Los Angeles, Calif. This will be marked "Exhibit No. 58."

(Exhibit No. 58 appears in the appendix on p. 1406.)

MR. HALLEY. We also have a carbon copy of the same letter with an ink notation on it saying, "original—air mail," and to the carbon copy is attached another sheet, also on the letterhead of Geo. W. Rochester, addressed to Trans-American: "Re People versus Moran, Luczak and Sankiewica," and it lists certain costs, apparently for a court proceeding, in the amount of \$1,170.

Then, we have a carbon copy attached to that of a purported letter from Ralph J. O'Hara. Trans-American Publishing and News Service, Inc.

This is addressed to Mr. George W. Rochester, lawyer, saying:

I acknowledge receipt of your letter of February 24, but I think that the fee charged for this particular case is too exorbitant—

and so on. It says further:

One of our representatives will be in your territory within the next 10 days or 2 weeks and will contact you.

The CHAIRMAN. Let it be filed as exhibit No. 59.

(Exhibit No. 59 appears in the appendix on p. 1406.)

The CHAIRMAN. There are one or two questions I want to ask you, Mr. Kelly. You were about to tell us something about a chattel mortgage that somebody had on a printing press, or something, in your news shop. Was that on a printing press?

MR. KELLY. It was on printing equipment, yes, sir.

The CHAIRMAN. Who had the chattel mortgage?

MR. KELLY. I believe Continental Press originally held the chattel mortgage.

The CHAIRMAN. How much was that mortgage for?

MR. KELLY. I believe it was around \$60,000.

The CHAIRMAN. How much did the press cost?

MR. KELLY. It wasn't on one press. It was on all the equipment.

The CHAIRMAN. How much did all the equipment cost that you got?

MR. KELLY. I would appraise the equipment at around, well, we have four or five presses, linotype machines, stones, type, and so forth. I would say around \$75,000 or \$85,000.

The CHAIRMAN. The situation is that you paid a small down payment on it and Continental loaned you the money to pay off the rest of it and held the chattel mortgage, is that right?

Mr. KELLY. I held the chattel mortgage—I mean, Continental held the chattel mortgage and I was using their equipment. In the meantime I was paying off. I think I knocked down the chattel mortgage to a price now of around \$30,000 or \$25,000, somewhere around there. I have been paying on the chattel mortgage since I took over the business.

Mr. GALLAGHER. Senator, I think the money was advanced before Mr. Kelly had any ownership in the Illinois Sports News, so I don't know that he can give you the information you would like on that phase of it.

The CHAIRMAN. Anyway, whatever the details are, some amount was paid and Continental paid the rest and held the chattel mortgage, is that it?

Mr. GALLAGHER. I assume that Continental advanced the money, and he bought the equipment and Continental took the mortgage on it. I think Mr. Ragen did that.

The CHAIRMAN. Who is the attorney for the Illinois Sports News, your organization, your partnership?

Mr. KELLY. We have no direct attorney. We get anybody we can.

The CHAIRMAN. Is Mr. Hilton your attorney?

Mr. KELLY. I have used him on several occasions, yes. I have used different lawyers in Chicago.

The CHAIRMAN. Who are your auditors?

Mr. KELLY. John Lynch & Co., I think it is.

The CHAIRMAN. Who are Continental's auditors, do you know?

Mr. KELLY. That I couldn't tell you. I don't know.

The CHAIRMAN. Didn't you have an arrangement to get news from Tiajuana, Mexico, at one time?

Mr. KELLY. I don't believe I have ever received news from Tiajuana, Mexico, I don't know. I don't recall.

The CHAIRMAN. Is the race track near Tiajuana, Agua Caliente?

Mr. KELLY. Yes.

The CHAIRMAN. Didn't Dragna come up here and see some of your people about getting cut off of the payroll?

Mr. KELLY. Not that I know of. He didn't come to see me.

The CHAIRMAN. Did you hear he came to see any of your people?

Mr. KELLY. No, sir, I did not. There was talk of it in the paper. That is the only thing I heard of it.

The CHAIRMAN. Mr. Dempsey, do you want to ask any questions to clarify any part of this testimony?

Mr. DEMPSEY. No, Senator, just one suggestion I would like to make that the use of Dragna and payroll in the same breath is not quite accurate. There is a contract of employment and all expenses, telephone calls, and other things were borne by Dragna. He was not an employee such as a regular track employee whose expenses would be sent back in and paid by Illinois Sports.

Mr. HALLEY. We had one of your employees here. He tried to show us some of the news that Dragna furnished. Well, I must say I wasn't here, as you know. I am informed that he couldn't show us any news that Dragna actually furnished. He went through the books, but he couldn't find any. Do you know anything about that, Mr. Kelly?

Mr. KELLY. I didn't quite get the question, sir.

Mr. HALLEY. I had a notation that one of your people was here and tried to find the news that Dragna furnished, but he couldn't find it.

Mr. DEMPSEY. Mr. Halley, I don't understand the notation, because that question was never asked of Mr. George Kelly or Thomas Kelly, Jr., that I can recall. Nor were we asked to describe the news that Dragna furnished, but I think Mr. Stumpf, the editor of Illinois Sports, could tell you exactly what the news was.

Mr. HALLEY. Well, we would like to know because somebody was here—I am looking for his name now—looked through the books to find the particular news that Dragna furnished——

Mr. DEMPSEY. I don't think they kept book on the news.

Mr. HALLEY. He couldn't.

Mr. DEMPSEY. He wouldn't. I never heard of any reporter's news being phoned in and kept in a book by any company.

Mr. HALLEY. Well, we will try to get that information. I'd like to know just what it was.

The CHAIRMAN. Ask your editor about it and let us know about it, Mr. Dempsey.

Mr. DEMPSEY. The quality of the news and character of news, and the general type of information. I will be glad to get that information for you.

The CHAIRMAN. All right, and will you also ask Mr. Hilton to look in the check book to see the dates of the checks he sent to these various lawyers, and report that to us?

Mr. DEMPSEY. Yes, sir; I will be very glad to.

Mr. G. S. ROBINSON. I have a couple of questions I'd like to ask of Mr. Kelly. Mr. Kelly——

Mr. KELLY. Yes, sir.

Mr. ROBINSON. Do you have or did you have a person by the name of Austin O'Malley with your company?

Mr. KELLY. Yes; we did.

Mr. ROBINSON. When was he hired?

Mr. KELLY. When was he hired? O'Malley previously had done some work for me in the early part of 1949 or 1950. I don't recall which it was, in regards to S. and G. down in Florida. We were getting some publicity down there in the papers, and we hired Mr. O'Malley as a publicity man to try and clarify that situation in regard to publicity we were getting down there. He did several bits of work in regard to publicity for us that—and he was reimbursed for the same.

Mr. ROBINSON. What was your contract with him?

Mr. KELLY. Now, in the last contract—I believe I was out of town at the time—he came in to see Mr. White, and he brought a contract in with him stating that he would like \$15,000 for a period of 1 year plus \$2,000 expense to cover the same period of time for the publicity that we were getting in regard to the Dragna situation here in Chicago, and it has more or less been clarified in the sense that we hadn't been getting that publicity, and we hired Mr. O'Malley; we signed this last contract on those terms.

Mr. ROBINSON. And the contract was for \$15,000?

Mr. KELLY. Yes, sir; for a period——

Mr. ROBINSON. A year, plus expenses for 1 year?

Mr. KELLY. Yes, sir.

Mr. ROBINSON. Is that right?

Mr. KELLY. From 1950 to 1951, June of 1950 to 1951.

Mr. ROBINSON. Now had Mr. O'Malley done public-relations work for Continental?

Mr. KELLY. I believe he is a publicity man for Continental.

Mr. ROBINSON. Did you discuss with your brother Tom the matter of hiring Mr. O'Malley for Illinois Sports News?

Mr. KELLY. I believe I did. No; he come over and seen Mr. White. Evidently he had been talking to my brother previous to him going over and talking to Mr. White, but when the contract was brought in, he showed it to Mr. White, our general manager, and White told us about the contract, we looked it over, meaning Tommy and myself, Tommy Junior and myself, and we thought it would be a good deal where he would get \$15,000 for the publicity work.

Mr. ROBINSON. Now I want to take you back a little ways, Mr. Kelly—

The CHAIRMAN. Let me ask one question in connection with O'Malley working for Illinois Sports News in connection with the adverse publicity you were getting—you say you were getting in Florida about S. & G. I don't remember that Illinois Sports News got any adverse publicity.

Mr. KELLY. There was a statement in the paper.

The CHAIRMAN. I think it was mostly about Continental, wasn't it?

Mr. KELLY. It was also—to correct you, Senator, it was also of Illinois Sports News and in one of the Miami papers. I believe, there was a clipping, some place around—

The CHAIRMAN. The clipping was that the news had come from Continental through Illinois Sports News, but it was Continental that was always mentioned, wasn't it, except in that one instance?

Mr. KELLY. I believe if I am not mistaken that it referred to Illinois selling S. & G. the service down there. I may be mistaken.

The CHAIRMAN. Wasn't the chief reference to Continental all of the way through?

Mr. KELLY. Well, I may be mistaken on that, but that is one of the primary reasons of using Mr. O'Malley in regards to that publicity we were getting down there.

The CHAIRMAN. Did Continental put up any cost of the paying Mr. O'Malley for correcting that adverse publicity?

Mr. KELLY. In regards to—

The CHAIRMAN. In regards to Florida.

Mr. KELLY. In regards to our company or Continental, sir?

The CHAIRMAN. In regards to Continental or your company.

Mr. KELLY. We paid him ourselves. I don't know if Continental paid him, too. They may have, because they were using—they must have been, as a matter of fact, he was their publicity man.

The CHAIRMAN. All right, Mr. Robinson.

Mr. ROBINSON. Mr. Kelly, after R. & H. was taken on as a customer of Illinois Sports News—

Mr. KELLY. Yes.

Mr. ROBINSON. Didn't the competition between R. & H. and Midwest quiet down?

Mr. KELLY. It may have. I just don't recall. I wasn't very active in the Midwest office at the time.

Mr. ROBINSON. Well, when Mr. Scanlan came in with the company in 1949, was brought into Midwest, haven't things been pretty quiet since then between R. & H. and the other people?

Mr. KELLY. It seems to me that they each have their own customers, that is the only explanation I can give you of that.

Mr. ROBINSON. Not much fighting back and forth?

Mr. KELLY. There may be, I don't know.

Mr. ROBINSON. Not as much as there was previously?

Mr. KELLY. It is possible.

Mr. ROBINSON. Now does Mr. Scanlan know how much R. & H. is paying?

Mr. KELLY. No; he doesn't. I don't believe any distributors know what each others are paying.

Mr. ROBINSON. Do you think they would be inclined to put up a beef if he knew it?

Mr. KELLY. He probably would if he seemed to know the difference in prices.

Mr. ROBINSON. Do you think he will?

Mr. KELLY. He may.

Mr. ROBINSON. All right.

The CHAIRMAN. Thank you, Mr. Kelly.

(Witness excused.)

The CHAIRMAN. Let's have about a 10-minute recess and get a little fresh air in the committee room.

(Short recess.)

The CHAIRMAN. Who is your first witness?

Mr. HALLEY. Tom Kelly.

The CHAIRMAN. Mr. Tom Kelly, please. Mr. Kelly, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KELLY. I do.

**FURTHER TESTIMONY OF THOMAS F. KELLY, GENERAL MANAGER,
CONTINENTAL PRESS SERVICE, CHICAGO, ILL., ACCOMPANIED
BY WALTER DEMPSEY AND WALTER GALLAGHER, ATTORNEYS,
WASHINGTON, D. C.**

The CHAIRMAN. I stated earlier that we would not have a night session tonight, but since that time we have had a message from Washington that probably it would be impossible to get up a civil-defense bill in the Senate, of which I was chairman of the subcommittee that considered it, unless we got it up on Thursday, because Friday is taken, and the Senate plans to recess on Friday night, so that I think there is a good possibility that we may have to have a session tonight, and also tomorrow night, in order to try to get as many witnesses heard as possible.

I hope counsel will try to pin-point their request to much as possible. I know you have anyway.

But I will know definitely in a little while. I am sorry about the press, about causing you to change arrangements back and forth, but if it does become absolutely necessary that I go back on Thursday morning, why then we will have to have sessions both tonight and tomorrow night.

Now, Mr. Halley, Mr. Kelly testified at great length in executive session and his counsel were with him. Is it not possible to——

MR. KELLY. Senator, may I make a suggestion, that anything in my testimony that will help the committee you can throw it in with my permission.

MR. HALLEY. Thank you. I think the precise question would be whether in order to complete the record we may put in evidence. Now, we may want your consent, I think, to put in evidence certain testimony that was taken not before the committee, but privately, but taken by a stenographer.

MR. KELLY. Anything you and counsel agree on is perfectly agreeable to me.

MR. HALLEY. We will cover a lot of territory if we can get that all in the record. We can save a lot of time.

MR. GALLAGHER. I think we can be in agreement. There might be a couple of places I would rather you cover here.

MR. HALLEY. Thank you.

The CHAIRMAN. Is there any objection to that? Any matters you want, either counsel for the committee, or counsel for Mr. Kelly want covered here, then we can do it.

MR. DEMPSEY. I would like to say that we have no objection to the substance of any of the testimony going in the hearing, but it was rather informal, and it may be that a little editing of some of the language may be in order before it becomes part of the formal record.

MR. KELLY. Here is all the testimony. There is about 12 hours of it. If we went over it all we'd probably be here till Friday, but any part of it that you want to release to the press, you want to use yourself, Mr. Halley, you are entitled to use it.

MR. HALLEY. Well, I think to save time, let's just put the whole thing in evidence. Then we won't have to worry about what should go in and what shouldn't.

MR. KELLY. It is perfectly all right with me.

The CHAIRMAN. Yes, any editing of any language, if you want to do that——

MR. HALLEY. Oh, I think we kept it pretty clean, Mr. Chairman.

The CHAIRMAN. Yes, a very good, full discussion. Mr. Kelly talked very forthrightly and seemed to be anxious to be of any help to the committee he could.

Where is our copy of this?

MR. HALLEY. We have a copy right here.

The CHAIRMAN. This doesn't seem to start off with your testimony.

MR. KELLY. I think there is one page of it here that is off.

MR. HALLEY. It occurred on 2 days. There was about an hour of testimony before the committee.

MR. GALLAGHER. Two and a half.

MR. KELLY. I think there were 4 hours the first day. We went in at 10 and came out around 12, I guess, and then we recessed and went back in at 12:30 or 1 o'clock until 4, and then the following day we went in at 10 and came out about 7:30 or 8 o'clock.

MR. HALLEY. Gee, did we do that much?

MR. KELLY. Yes, sir; we did a lot of work.

MR. HALLEY. We will assume, then, that we don't have to cover in detail all of that ground.

The CHAIRMAN. Then we will assume that if there are any points, I mean, any language in there that you want to discuss, Mr. Gallagher, that you call our attention to it in the morning, otherwise, this would be made a part of the record at this point.

Mr. DEMPSEY. Senator, I wonder if you would state for the record, or may I, that this was in the nature of an informal discussion with counsel and Mr. Kelly, and answers that he gives there that might indicate flippancy—if the record is read as though it had been conducted in an open formal hearing—were not so intended and should be read in the light of it.

Mr. HALLEY. I will stipulate that there was no flippancy in the atmosphere.

The CHAIRMAN. And none was so intended. Four hours of this was before the committee proper.

Mr. GALLAGHER. Yes, sir.

The CHAIRMAN. All right, let's proceed.

Mr. HALLEY. Mr. Kelly, I think the testimony you previously gave was that Continental Press is solely owned by an individual, Edward McBride, is that right?

Mr. KELLY. That was right, sir.

Mr. HALLEY. And Continental, in effect, is just a trade name for his own personal business?

Mr. KELLY. For Continental Press, yes.

Mr. HALLEY. He purchased all of Continental Press on April 1, 1947, is that right?

Mr. KELLY. That is right, sir.

Mr. HALLEY. And that followed the fatal shooting of James Ragen? I say, that followed the shooting of Ragen?

Mr. KELLY. The sale of Continental followed the shooting of Ragen?

The CHAIRMAN. It was after the shooting?

Mr. HALLEY. Prior to the shooting of Ragen, Ed McBride owned part of Continental, is that right?

Mr. KELLY. About a year later, I believe, Eddie McBride bought the business; yes, sir.

Mr. HALLEY. That is right, after the shooting?

Mr. KELLY. That is right.

Mr. HALLEY. He bought the remainder of the business from the estate? He bought one-third from the estate of McBride, Sr., and he bought one-third—

Mr. GALLAGHER. Of Ragen, Sr.

Mr. HALLEY (continuing). Ragen, Sr., and one-third from Ragen, Jr.?

Mr. KELLY. May I correct it? Thirty-three and a third from Ragen, Sr., and thirty-three and a third from Ragen, Jr.

Mr. HALLEY. Which left him, then, in full possession of Continental Press?

Mr. KELLY. That is right, or he owned it 100 percent after that.

Mr. HALLEY. He is a nephew of yours?

Mr. KELLY. That is right. I am his uncle. I am known as Uncle Tom.

Mr. HALLEY. You are Uncle Tom?

Mr. KELLY. That is right.

Mr. HALLEY. And to summarize a great deal of testimony, is it not a fact that Uncle Tom made the whole deal?

Mr. KELLY. With the help of the lawyers, and a Mr. Arthur, who represented Ragen's estate and Ragen, Jr.

Mr. HALLEY. You lean heavily on Mr. Arthur for his advice?

Mr. KELLY. Very much so.

Mr. HALLEY. But he didn't represent the Ragen interests?

Mr. KELLY. He represented the Ragen interests, yes, sir.

Mr. HALLEY. And you were representing young McBride?

Mr. KELLY. That is right, sir.

Mr. HALLEY. Did Arthur McBride, the father, participate in the discussions of the sale to Edward?

Mr. KELLY. Yes, he did, because a contract between the Ragens and Eddie McBride read that if it was to be sold, it would have to be sold to the other partners, whomever the partners were that wanted to buy it.

And, Arthur McBride was consulted in Florida by Arthur for the estate, and also for James Ragen, Jr.

Mr. HALLEY. Now, Eddie McBride, the young chap, first obtained his third interest in 1943, is that right?

Mr. KELLY. He acquired one-third interest in about 1943, I believe.

Mr. HALLEY. 1943?

Mr. KELLY. That is right.

Mr. HALLEY. And he was just a boy of about 19 then, wasn't he?

Mr. KELLY. No, I don't believe so. I believe he was in the Army at that time. I think he was probably older than that. I don't know how old he was, Mr. Halley.

Mr. HALLEY. He wasn't even around when the one-third was purchased, isn't that so?

Mr. KELLY. Well, now——

Mr. HALLEY. Just to summarize——

Mr. KELLY. You have asked a question that I can't answer "Yes" or "No."

Mr. HALLEY. Perhaps it will help to summarize. The point is simply that the bargaining, the transactions, and the working out of the deal was done by Arthur McBride and yourself on behalf of Eddie; he didn't do it himself?

Mr. KELLY. Arthur McBride, myself, and Thorne Arthur, a lawyer for the Ragen estate and Junior Ragen.

Mr. HALLEY. And Junior McBride didn't participate in the negotiations or the transactions?

Mr. KELLY. Eddie McBride? No.

Mr. HALLEY. They were for his benefit?

Mr. KELLY. I represented Eddie McBride since he got in the business in 1943.

Mr. HALLEY. And when the deal was negotiated and set up, I believe you said you then explained it to Eddie, and he signed the papers?

Mr. KELLY. No. I have never talked to Eddie about it myself. Eddie had talked to a law firm that represented him in Cleveland, by the name of Hornberg and Miller.

Mr. HALLEY. Did they explain the deal to him?

Mr. KELLY. I imagine they did. That is where the papers were signed. It had to be explained to him before he signed the papers.

Mr. HALLEY. So far as you know, then, all he did was sign the papers and somebody else explained the deal?

Mr. KELLY. I wasn't present at the time the papers were signed, if that is what you mean, Mr. Halley; no, sir, I wasn't.

Mr. HALLEY. Now, then, after he did come in, I believe you said he had permitted you to run the business entirely yourself?

Mr. KELLY. I had been authorized by him to run this business as I seen fit.

Mr. HALLEY. Then I think to quote you, it has been "your baby?"

Mr. KELLY. One hundred percent.

Mr. HALLEY. What has been done has been done by you and you are responsible for it?

Mr. KELLY. Anything that has happened in the time that Eddie McBride done it, it is Tom Kelly done it, or did it.

Mr. HALLEY. And you have made the decisions, and given the orders?

Mr. KELLY. With the help of lawyers that Continental pays.

Mr. HALLEY. Now, you do on occasion consult with Arthur McBride, do you not, the father of your boss?

Mr. KELLY. Arthur McBride?

Mr. HALLEY. Yes.

Mr. KELLY. I see Arthur McBride at football games, and he is like a hen on an egg, he asks you 14,000,000 questions, and the best you can do is tell him everything is going all right, and things like that, but——

Mr. HALLEY. He does want to know about the business? You talk to him about it?

Mr. KELLY. He is interested in his son's business, yes, sir, if that is what you mean.

Mr. HALLEY. Well, without laboring the point and going over the testimony we already have, your position is that it is just his interest and that actually you make the decisions on your own?

Mr. KELLY. Not his interest, his son's interest that he is interested in.

Mr. HALLEY. I mean his concern for his son's business.

Mr. KELLY. That is right.

Mr. HALLEY. He has never tried to dictate a decision to you, I believe you testified?

Mr. KELLY. If he tried to tell me, I wouldn't take his orders because I don't think McBride himself knows too much about Continental Press Service.

Mr. HALLEY. Now when you took over the sole management of Continental, what deal did you make for yourself?

Mr. KELLY. The deal for myself wasn't made until, oh, a while after Continental was bought by Eddie McBride, and I wound up with 15 percent of Continental.

Mr. HALLEY. Fifteen percent ownership or fifteen percent interest in the profits?

Mr. KELLY. Fifteen percent of the profits.

Mr. HALLEY. You are not an owner?

Mr. KELLY. No, sir.

Mr. HALLEY. That is not in the nature of a salary?

Mr. KELLY. That is in the nature of a salary or a bonus, is what you would call it.

Mr. HALLEY. Do you in addition to that get a weekly payment?

Mr. KELLY. I get practically the same salary that I got representing Mr. McBride when the Ragens owned it, when the Ragens controlled it.

Mr. HALLEY. What salary is that?

Mr. KELLY. \$400 a week.

Mr. HALLEY. Taking the last full year of operation, 1949, our records show that Continental Press had as a gross income \$2,353,000 and that Ed McBride's net income for 1949, not bothering to deduct a couple of minor items, and, therefore, practically all for Continental Press, was \$692,207.64. Is that right?

Mr. KELLY. That is right.

Mr. HALLEY. I might state for the record that the only items of income which are not Continental are approximately \$3,400, \$3,500 is income.

Mr. KELLY. Well——

Mr. HALLEY. Would that be your recollection?

Mr. KELLY. That would be right, Mr. Halley. That is probably it.

Mr. HALLEY. What was your income from Continental in 1949?

Mr. KELLY. Fifteen percent of the net, whatever the net was.

Mr. HALLEY. Fifteen percent of the net?

Mr. KELLY. That is right.

Mr. HALLEY. Well, the net was about—something over \$700,000.

Mr. KELLY. I got 15 percent of whatever the net was, Mr. Halley.

Mr. HALLEY. You got something over \$100,000?

Mr. KELLY. That is right.

Mr. HALLEY. Did you get—was that plus your salary of \$20,000?

Mr. KELLY. That is right.

Mr. HALLEY. Did you get any other income in 1949 from Continental?

Mr. KELLY. None. Not from Continental. That is all. Anything that I have got from Continental is on record there, and I imagine that is it. The salary and the bonus is all that I got.

Mr. HALLEY. Are there any other persons who derive a substantial income from Continental in addition to Ed McBride and yourself?

Mr. KELLY. Not that I know of. Well, meaning—I would like you to explain that to me a little better, Mr. Halley. I don't know what you are——

Mr. HALLEY. Were there any other people who are important in the picture from the point of view of income?

Mr. KELLY. Any people getting any income from me?

Mr. HALLEY. From Continental.

Mr. KELLY. From Continental?

Mr. HALLEY. Yes, big money.

Mr. KELLY. In other words, does Ed McBride give any money to anybody?

Mr. HALLEY. Or does Continental?

Mr. KELLY. There is no money comes out of Continental outside of what is on record, because there is checks in and checks out.

Mr. HALLEY. I understand that. This is not a trick question, I simply want to know if there are any other people who right on the record get very substantial income from Continental.

Or are you and Eddie McBride the important people from the point of view of income?

Mr. KELLY. In that—how much money, Mr. Halley?

Mr. HALLEY. Say anything over \$50,000 a year.

Mr. KELLY. No, there is none over \$50,000.

Mr. HALLEY. Nobody else?

Mr. KELLY. No, sir.

Mr. HALLEY. Are you on any other payroll besides Continental's?

Mr. KELLY. No, I am not.

Mr. HALLEY. You get no money from the distribution companies?

Mr. KELLY. Not a quarter, not 5 cents.

Mr. HALLEY. Were you close to James M. Ragen, Sr.?

Mr. KELLY. Closer than you are to your son or your brother.

Mr. HALLEY. You had been associated with him for very many years?

Mr. KELLY. Since 1922.

Mr. HALLEY. Working for newspapers in the news circulation business?

Mr. KELLY. In the newspapers; yes.

Mr. HALLEY. And then in—is that light bothering you?

Mr. KELLY. Yes, it does, very much so.

The CHAIRMAN. Let's be as cooperative as we can. Can't you shine them up a little bit some other way?

Mr. HALLEY. Mr. Kelly, you were first in the news-distribution business with Ragen, is that right?

Mr. KELLY. No, I worked with Ragen on the Hearst newspapers.

Mr. HALLEY. In circulation?

Mr. KELLY. Yes, sir.

Mr. HALLEY. And then you both worked for Annenberg, is that right?

Mr. KELLY. We both worked for Annenberg; yes, sir.

Mr. HALLEY. In the racing-news distribution?

Mr. KELLY. That is right.

Mr. HALLEY. And then Ragen took over the business after Annenberg gave it up, is that right?

Mr. KELLY. No, Mr. McBride had started the business after Annenberg gave up.

Mr. HALLEY. Was there an interim period after Annenberg gave up when Hymie Levin ran the news?

Mr. KELLY. In Chicago?

Mr. HALLEY. Yes.

Mr. KELLY. That I don't know, sir, but I know he was in business at that time.

Because, around 1941 or 1942, I believe, there was some indictments around that time, and Mr. — I can't get his name. There were two or three fellows that were indicted at that time for carrying racing news into Chicago by radio, and he was one of them, I believe.

Mr. HALLEY. As part of the arrangements made at the time that Annenberg gave up the wire business in connection with his income-

tax case, wasn't it decided that at least for a time McBride also would not be in the wire business until his tax situation was clarified?

Mr. KELLY. Not that I know of, sir, because McBride was interested in keeping the people working that was in the business because, the way I understand it, from Lenz, that McBride wanted to keep the people working. He was giving them all a job.

Mr. HALLEY. He just took over the framework, then?

Mr. KELLY. He took over the framework, I think, on the suggestion of his mother, his own mother, to make jobs for fellows like me.

Mr. HALLEY. And Annenberg had been in the business and Annenberg just picked up his hat and walked out, is that right?

Mr. KELLY. And walked out; yes, sir; left everything.

Mr. HALLEY. And Ragen just walked in?

Mr. KELLY. Ragen wasn't in the picture.

Mr. HALLEY. I mean McBride.

Mr. KELLY. McBride picked up the business out of Cleveland, Ohio; yes, sir; with the help of a lot of the former employees of Annenberg.

Mr. HALLEY. And they made no payment to the Annenberg family at all?

Mr. KELLY. Not 5 cents.

Mr. HALLEY. Then about 2 years later, Ragen became a partner of McBride, is that right?

Mr. KELLY. I believe you are right, sir.

Mr. HALLEY. And he didn't pay any—

Mr. KELLY. Excuse me. You are talking about Ragen, Jr.

Mr. HALLEY. Yes.

Mr. KELLY. That is right.

Mr. HALLEY. And he didn't pay anything to McBride, did he?

Mr. KELLY. That I wouldn't know. I wasn't in on that transaction.

Mr. HALLEY. You were working for the service at that time?

Mr. KELLY. An employee, that is right.

Mr. HALLEY. And then Art McBride stepped out entirely and sold everything to Ragen, Jr.; is that right?

Mr. KELLY. Ragen, Jr., bought the business from McBride. I believe that is the way it went.

Mr. HALLEY. At that time were you managing the business?

Mr. KELLY. No, sir. I think the fellow that bought the business owned it and managed it.

Mr. HALLEY. Ragen, Jr.?

Mr. KELLY. Ragen, Jr.

Mr. HALLEY. What did Ragen, Sr., do in those days?

Mr. KELLY. He was in Florida and he was having some troubles of his own at that time, with court litigation.

Mr. HALLEY. And you stayed up here and worked for Ragen, Jr.?

Mr. KELLY. No, sir; I was working in Cleveland at that time. I was working as a road man for Ragen, Jr.

Mr. HALLEY. What were your duties as a road man?

Mr. KELLY. Well, I was more of a maintenance man to go around to different offices and ask them how they were getting along, how their service was, different things of that sort.

Mr. HALLEY. Then Ragen, Sr., came back in and went back into the business, is that right?

Mr. KELLY. That is right.

Mr. HALLEY. And at the same time, young Ed McBride went in as a one-third partner?

Mr. KELLY. Ed McBride went in with Ragen, Jr., sold out, I believe, to Edward McBride and Ragen, Sr.

Mr. HALLEY. But McBride, Jr., kept a one-third interest and sold out two-thirds?

Mr. KELLY. He never had one-third interest.

Mr. HALLEY. He had it all, didn't he?

Mr. KELLY. Ragen had it all; Ragen, Jr., had it all.

Mr. HALLEY. Ragen, Jr.

Mr. KELLY. Ragen, Jr., had it all, then he sold 33 $\frac{1}{3}$ percent to Ragen, Sr., and 33 $\frac{1}{3}$ percent to Edward McBride.

Mr. HALLEY. Now, then, did you come back to work in the main office, or did you continue being a road man?

Mr. KELLY. No; Ragen, Sr., was the boss.

Mr. HALLEY. Ragen, Sr., was the boss?

Mr. KELLY. Yes, sir; he was the boss.

Mr. HALLEY. What was your duty?

Mr. KELLY. I was still the same man running around the country, a road man.

Mr. HALLEY. Seeing the various distributors?

Mr. KELLY. That was my job.

Mr. HALLEY. Sort of a trouble shooter?

Mr. KELLY. Yes; a trouble shooter you would call it; yes, sir.

Mr. HALLEY. That continued until Ragen, Sr., was shot?

Mr. KELLY. That continued until Eddie McBride bought the business.

Mr. HALLEY. Well, a little before then, when Ragen, Sr., was shot, didn't he, when he was able to talk, call you in and tell you to hold the business together?

Mr. KELLY. When Ragen, Sr., was shot, I was at home; and I went down to the hospital to see him the night he was shot. He was in the operating room, and I went over and patted him on the head. I said, "How do you feel?" He said, "Well, not too good."

I said, "Well, relax." Because I just had talked to the doctor, and the doctor told me he had a 70 percent chance of living.

And then I walked out of the room with his son Bill, and Bill asked me what I thought, and I said, "He is going to be all right."

Mr. HALLEY. And was it at that time he asked you to do what you could to keep the business together?

Mr. KELLY. No; it was not. The doctor asked us to leave the room, as Mr. Ragen would need all the possible strength that he had to survive the shooting, which we did.

The next time I seen Ragen, was maybe, oh, 20 or 25 days afterward.

Mr. HALLEY. And was it then that he told you to go back and hold the business together?

Mr. KELLY. I was in the room with Mr. Ragen. He told me, he says, "Tom, whatever you do, don't forget I have six children. I would like to see this business keep on because I have set it up so my family can make a living out of it. You are one of the fellows that started with us. Go back to the office and keep it going."

Mr. HALLEY. And you assumed the management—managership—at that time?

Mr. KELLY. No, sir; I didn't.

Mr. HALLEY. Well, who did?

Mr. KELLY. I went back to the office, and Junior Ragen, myself, and I believe the Lenzes sat around; and we decided at that time to stay away from the office and leave the office alone, because we didn't know what was going to happen around there after that.

We were waiting to find out just how serious Mr. Ragen was; if he was going to live, he would issue the orders, because the doctor had told me already that the man had a 70 percent chance of living.

So it was no use in us changing anything until the man got back to the office.

Mr. HALLEY. In the meantime you had a serious problem of competition, did you not, from Trans-American?

Mr. KELLY. That, Mr. Halley, I don't know whether Trans-American was in business at that time or later on.

Mr. HALLEY. Well, what period are you talking about now?

Mr. KELLY. The time that Ragen got shot.

Mr. HALLEY. That was in 1946, was it not?

Mr. KELLY. It was in June, I believe, of 1946.

Mr. HALLEY. And Trans-American at that time was just beginning to emerge from R. & H., weren't they?

Mr. KELLY. That I don't know. I don't know whether they were in business or not; at least they did not show in the picture.

Mr. HALLEY. R. & H. had showed in the picture?

Mr. KELLY. R. & H. wasn't in the picture at this time; I don't believe so.

Mr. HALLEY. Well, wasn't it before the murder of Ragen that Ragen was having all of these problems with R. & H.?

Mr. KELLY. Ragen, I don't think, had a problem with R. & H. I think Ragen always talked about Hymie Levin. I don't think he talked about R. & H. That is not clear to me. I would not want to make a statement that R. & H. was in business or was not. They probably were, but I didn't hear of them.

Mr. HALLEY. Ragen referred continuously to the mobsters as giving him trouble, and Hymie Levin giving him the trouble?

Mr. KELLY. He said that to the newspapers. In fact, the only time Ragen ever told me about gangsters and mobsters was when I returned in about 1945, in November or December, and he told me to go around the country and tell all the subscribers that there was going to be an opposition wire and that the opposition wire was going to be run by hoodlums. He didn't mention no names to me.

Mr. HALLEY. Well, he went to the FBI himself, did he not?

Mr. KELLY. That I believe he did. I am only saying from rumors or hearsay. I don't know for sure.

Mr. HALLEY. Well, didn't he tell you that he had gone to the FBI?

Mr. KELLY. No, sir; he did not.

Mr. HALLEY. You saw various FBI people coming in to talk to him?

Mr. KELLY. It looked like the FBI had moved their office over there. [Laughter.]

Mr. HALLEY. They were right in there with you; is that right?

Mr. KELLY. That is right.

Mr. HALLEY. Were they talking to you or only to Ragen?

Mr. KELLY. They have not talked to me about it, because I didn't know anything. Ragen was the boss, and he was the fellow that had them in his office all the time.

Mr. HALLEY. This was for how long a period before he was shot?

Mr. KELLY. Oh, I'd say for 3, 4 months.

Mr. HALLEY. Now, during that period was there competition between Hymie Levin and your own distributor for the various books in Chicago?

Mr. KELLY. Not as far as Continental was concerned, there was not; the only time that Trans-American showed any competition as far as Continental was concerned was in Kansas City. That is the first time it showed up, and that was after Ragen was dead and after he sold out.

Mr. HALLEY. Well, let's see. In Chicago, before Ragen died, didn't he shut off the wire service to Hymie Levin?

Mr. KELLY. I believe he did too—I think he ordered—he told Farrell that if he couldn't get more money for his service—now I am only talking about what I heard. I didn't talk to Farrell, and I don't know whether Ragen talked to Farrell. You are asking me a question if I did—no; I don't know nothing about that.

Mr. HALLEY. Where did you hear this?

Mr. KELLY. In the office.

Mr. HALLEY. What did you hear in the office?

Mr. KELLY. I heard that Mr. Ragen had told Mr. Farrell to shut off Hymie Levin of his news.

Mr. HALLEY. And did you hear that Mr. Ragen was claiming that Farrell had two undisclosed partners—not Farrell, but that Farrell's partner, Serritella, had two undisclosed partners—namely, Hymie Levin and Guzik—in his scratch sheet?

Mr. KELLY. I think that came out in the paper where there was some court action of a scratch sheet that Farrell and Serritella was interested in.

Mr. HALLEY. And that was tied up, was it not, with the cutting off of the news to Levin?

Mr. KELLY. No; I think the scratch-sheet trouble came after that.

Mr. HALLEY. First they shut off the news to Levin?

Mr. KELLY. First they shut off the news to Levin.

Mr. HALLEY. Then they brought the suit to put the scratch sheet out of business?

Mr. KELLY. Then they brought the suit to put the scratch sheet out of business.

Mr. HALLEY. And at that time Illinois started its own news scratch sheet; is that right?

Mr. KELLY. Illinois started—the scratch sheet was started by Thomas Burke, former newspaperman around here. He has been a newspaperman for about 45, 50 years, I guess.

Mr. HALLEY. And wasn't there a period of intense competition between your scratch sheet, your news scratch sheet, and Levin's for business?

Mr. KELLY. Levin never had no scratch sheet, Mr. Halley. The scratch sheet that was in existence at that time was the Daily Sport News that Farrell and Serritella owned.

Mr. HALLEY. That was the Blue Scratch Sheet?

Mr. KELLY. Now, the Blue Scratch Sheet went out of business when the Green Scratch Sheet came in.

Mr. HALLEY. Well, you put it out of business with a lawsuit; isn't that right?

Mr. KELLY. Not me; I didn't put it out of business.

Mr. HALLEY. Well, Continental?

Mr. KELLY. I think to get you straight, Mr. Halley, for the records, I think Judge Lupe ordered the scratch sheet sold or put it in bankruptcy or something like that. I don't know what the legal term was that was used, but it was put out of business by the court.

Mr. HALLEY. Now, in connection with selling this new Green Scratch Sheet, wasn't the idea to get as many customers for the wire service as possible, too? They go hand in hand, don't they?

Mr. KELLY. The scratch sheet and the wire service?

Mr. HALLEY. Yes.

Mr. KELLY. Well, the Continental only supplies news to turf publications.

Mr. HALLEY. That is on advice of counsel, is it not?

Mr. KELLY. That is the way it was born, and that is the way it was set up, and that is the way it is set up today.

Mr. HALLEY. That is because of your legal advice that you should be selling to publications?

Mr. KELLY. That is the way it was set up.

Mr. HALLEY. Well, why was it so set up?

Mr. KELLY. It was set up that way because the attorneys that set up said they didn't want Continental to have anything to do, and stay away as far as they could, from bookmakers.

Mr. HALLEY. Now, would you say that the legal advice, then, was to put as many steps between Continental and the bookmakers as possible?

Mr. KELLY. I would say you are right on that; yes.

Mr. HALLEY. And one of them was that in each case Continental would be selling news to a publication?

Mr. KELLY. The lawyers, when they set it up, Mr. Halley, if I remember it right, says, "You will be just like the people that sells playing cards. You will sell the cards to this fellow. Let him sell the cards to whoever he wants. Let him use the cards for gambling, bridge, or anything else he wants to use them for. Or the fellow that turns on the electric light, if they want to use the electric light to gamble with, let them use that." That is the same way it was set up. It was the way Continental was set up.

Mr. HALLEY. Then the large majority of the scratch sheets would also distribute the news to various other people; is that right?

Mr. KELLY. That is right, sir.

Mr. HALLEY. And Continental had roadmen who would go around and help these various distributors with their problems with the various bookmakers; isn't that so?

Mr. KELLY. Continental never was interested in bookies. In fact, they never was interested in customers that the scratch sheets had. That was strictly the distributors' headache.

Mr. HALLEY. We have been hearing testimony now for 2 days that one of the factors in setting the price to a distributor was how many outlets he had. Wouldn't you say that is so?

Mr. KELLY. I would say on the amount of money that he takes in and the profit that the fellow had; yes.

Mr. HALLEY. And the profit would depend on how many bookies he serves?

Mr. KELLY. Yes, sir.

Mr. HALLEY. And the business would be essentially from bookies, wouldn't it?

Mr. KELLY. Well, there is quite a bit of business that they got from newspapers, like UP, AP, and INS and the rest of them.

Mr. HALLEY. They are the people that pay the lowest rate for the wire service?

Mr. KELLY. They pay the lowest rate, but they also stimulate business for the distributors of Continental Press.

Mr. HALLEY. And the big profits come from the various bookie establishments?

Mr. KELLY. I wouldn't know who the distributors get their big profit from.

Mr. HALLEY. You have just stated the lowest paying people are the news services. Who is left but the bookies?

Mr. KELLY. They could have some fellow on there for \$2. I don't know. I have never seen their reports; I don't know.

Mr. HALLEY. You do know at least a very substantial part of their business comes from selling to bookies?

Mr. KELLY. It could be possible; possible.

Mr. HALLEY. It is possible; isn't it? It is a fact?

Mr. KELLY. I would have to see their reports and find out, Mr. Halley. I don't know.

Mr. HALLEY. What do you think, Mr. Kelly?

Mr. KELLY. Off the record or on the record?

Mr. HALLEY. On the record. What is going on in your head?

Mr. KELLY. Going on in my head? The idea is to sell news to anybody that wants it, whether a bookmaker or what he is.

Mr. HALLEY. And the people who want it basically are bookies?

Mr. KELLY. That I couldn't tell you "Yes" or "No."

Mr. HALLEY. What do you think?

Mr. KELLY. I think that anybody that buys the service is either a bookmaker or a bettor.

Mr. HALLEY. Do you know any bettors who buy the service?

Mr. KELLY. Yes, sir; I know quite a few of them that used to have printers put in their home.

Mr. HALLEY. You mean individual people?

Mr. KELLY. That is right, and I believe there was some in Chicago here.

Mr. HALLEY. Would you look at the list of the Chicago subscribers in the Interstate and Foreign Commerce Committee report, and state whether you can identify—

Mr. KELLY. I couldn't, Mr. Halley. There is no use in me looking through it.

Mr. HALLEY. You don't want to try that?

Mr. KELLY. It is almost impossible.

Mr. HALLEY. Now, as this news service was set up, the first objective then was to be sure that the news was being sold to a publication; is that right?

Mr. KELLY. That is right.

Mr. HALLEY. Now, then, in the earlier days, Continental had a smaller number of distributors than it has today; isn't that so?

Mr. KELLY. When it was set up, they had a smaller number than they have today?

Mr. HALLEY. Yes.

Mr. KELLY. No; I would say about the same.

Mr. HALLEY. Primary distributors?

Mr. KELLY. I would say they have the same. I wouldn't say smaller; I would say the same.

Mr. HALLEY. Twenty-four?

Mr. KELLY. In what year are you talking about, when it was originally started?

Mr. HALLEY. Under the Annenberg?

Mr. KELLY. Under the Annenberg?

Mr. HALLEY. Yes.

Mr. KELLY. I would say Annenberg had probably 80 or 90.

Mr. HALLEY. He had a great many?

Mr. KELLY. But, they weren't distributors. They were Annenberg's own officers.

Mr. HALLEY. That is the point. He had a practice of having a personal interest in a great many of the distributors; didn't he?

Mr. KELLY. Not distributors; no, sir, Mr. Halley. He owned each office himself.

Mr. HALLEY. But, he sells directly——

Mr. KELLY. And that service he had in each office; that service went direct to bookmakers.

Mr. HALLEY. And he didn't have any gap between his own——

Mr. KELLY. He never had nothing between him at all. He went direct. He owned everything. He owned the whole "shebang."

Mr. HALLEY. And he sells direct to a bookie?

Mr. KELLY. That is right.

Mr. HALLEY. Now, during your regime, there has been an effort to separate Continental News from sales to bookies; is that right?

Mr. KELLY. Keep Continental as far away from the bookmaker as you possibly can.

Mr. HALLEY. Keep it as far away as you can?

Mr. KELLY. That is right.

Mr. HALLEY. To do that, you set up Continental as, shall we say, the top company in a distribution set-up; is that right?

Mr. KELLY. A top company? Yes; I would say yes.

Mr. HALLEY. Then, you have certain regional major distributors; would that be correct?

Mr. KELLY. We have 20 or 24 of them, I believe.

Mr. HALLEY. In Chicago, it is Illinois; is that right?

Mr. KELLY. That is right.

Mr. HALLEY. Then Howard buys directly from you; would that be right?

Mr. KELLY. Howard Sports Daily in Baltimore, Md.; yes.

Mr. HALLEY. And various others?

Mr. KELLY. That is right, 23 or 24 others.

Mr. HALLEY. Now, these distributors then sell to subdistributors; is that right?

Mr. KELLY. Some of them do; yes.

Mr. HALLEY. Now, with reference to, first, the Chicago area, Illinois is operated by your brother and your son; is that right?

Mr. KELLY. Illinois Sports News; yes, sir.

Mr. HALLEY. And I think we have had testimony that there is no contract between them and yourselves for the purchase price. [Bright lights were turned off.]

That is better, isn't it?

Mr. KELLY. I should say it is.

Mr. HALLEY. There is no contract between them and you for the purchase price of the news; is that correct?

Mr. KELLY. No contract. It is oral between the both of us.

Mr. HALLEY. I think your brother said there was no specific amount that would be paid.

Mr. KELLY. No, sir; that is a kind of friendly deal between the brother and myself, for Continental Press. I told my brother to pay Continental Press as much as he possibly could, and don't short them, for the simple reason he has a real good thing over there, and I would like to see him keep it.

Mr. HALLEY. He said he made about \$50,000 in 1949. You talked to him about how much he should keep for himself before working out this arithmetic as to how much he would be able to give to Continental?

Mr. KELLY. Did I talk to him? No, sir.

Mr. HALLEY. Yes.

Mr. KELLY. No, sir.

Mr. HALLEY. Who made the decision that it would be fair for him to keep for himself at the end of the year \$50,000?

Mr. KELLY. That was up to himself, to keep whatever he wished, but to make sure that he kept a rate that would give Continental a good, substantial rate.

Mr. HALLEY. The point is, who decided whether he was a \$10,000-a-year man or a \$50,000-a-year man?

Mr. KELLY. He probably got that idea from the decision that I told him to send Continental whatever he could afford, and to make sure it was a good substantial amount of what his profits was.

Mr. HALLEY. And suppose he had sent you less than you thought he should have sent. Then, what would you do?

Mr. KELLY. I don't know. I don't think I would go over and punch him in the eyes, your own brother.

Mr. HALLEY. You would have a talk?

Mr. KELLY. That is right.

Mr. HALLEY. And suggest that he send more?

Mr. KELLY. I would ask what the reason was he didn't send the right amount of money.

Mr. HALLEY. And, if things really got bad between you, you could always cut him off; you were the top company?

Mr. KELLY. I don't think I would do that. If I did, I would have to move out of Chicago. I couldn't live with the family.

Mr. HALLEY. It would be a tough family situation, but still Continental was top dog in the picture?

Mr. KELLY. Yes. Continental always was; that is right.

Mr. HALLEY. And this relationship with Illinois is a friendly family relationship, you would say?

Mr. KELLY. That is right; that is right, sir.

Mr. HALLEY. And you don't think that George Kelly would do anything to hurt you?

Mr. KELLY. No; I don't think he would. There has been a lot of brothers and a lot of sisters who have done things to their relations, but I don't think that George would do anything to hurt anybody.

Mr. HALLEY. Do you get together with him on policies or general policies of the whole wire service system?

Mr. KELLY. For the whole wire system of what? Continental Press?

Mr. HALLEY. Yes; the news-distribution system emanating from Continental Press.

Mr. KELLY. If I talked to George about a wire system, he wouldn't know what I was talking about.

Mr. HALLEY. Did you have a talk about what subsidiaries or minor distributors should be paying or what you should go into a particular State?

Mr. KELLY. To George?

Mr. HALLEY. Or whether you should hire a publicity man for the State of Florida? Do you talk about those things?

Mr. KELLY. Before George got over to Illinois Sports News he was never out of Chicago. I don't believe, outside of going to Indianapolis or one of those places.

Mr. HALLEY. What was the job before he went to the Illinois Sports News?

Mr. KELLY. I think he was down in Indianapolis with a fellow named Jaffe; I think that is where he started.

Mr. HALLEY. In the wire service?

Mr. KELLY. Yes, sir.

Mr. HALLEY. What was his particular function?

Mr. KELLY. George was learning to be a road man. Mr. Ragen put him to work down there.

Mr. HALLEY. What was his salary there?

Mr. KELLY. I think he got \$100 a week.

Mr. HALLEY. Did he make a sudden jump from the \$100 a week to the \$50,000 a year?

Mr. KELLY. Over a period of about 5 or 6 years, I would say he did.

Mr. HALLEY. You brought him up as your brother?

Mr. KELLY. That is right.

Mr. HALLEY. What did he do? For instance, before he went into Illinois he was in Illinois Midwest; is that right?

Mr. KELLY. I believe you are right, sir.

Mr. HALLEY. And he was a partner there, one of three partners?

Mr. KELLY. I think you are right on that.

Mr. HALLEY. With Farrell and Frestel?

Mr. KELLY. That is right.

Mr. HALLEY. Who put him into that situation?

Mr. KELLY. I think he put himself in that situation. He might have talked to me about it, but at that time there was about four or five news services around Chicago. So, they tried to combine the

real, good, solid ones together—that is, Farrell's, Frestel's, and them kind of people together—and have a united front so we could get some money here.

Mr. HALLEY. What I am really trying to find out is how much of a family affair this entire racing-wire system is. Perhaps, first, we had better stick to the present situation. In Chicago, from Illinois, the service goes to three distributors; is that right?

Mr. KELLY. That is right, sir.

Mr. HALLEY. One of them is General; is that correct?

Mr. KELLY. That is right.

Mr. HALLEY. And General is what you would call a dummy for Continental?

Mr. KELLY. A dummy? If it is a dummy, Continental better get some money from them because the fellow made a lot of money last year. I think McGoldrick, from what I understand, he done pretty good for himself. So far as being a dummy, Mr. Halley, Continental Press has no dummies in the country. That is not Chicago, that is all over.

Mr. HALLEY. He is another distributor who pays up the line what he thinks he should, is that not right?

Mr. KELLY. That is the deal between George Kelly and McGoldrick. I don't know just what their deal, who made it or how they made it. That was between the two of them.

Mr. HALLEY. And McGoldrick is another lad who has been working for you for some years, is that not right?

Mr. KELLY. McGoldrick is one of the nicest boys you could ever meet. He wouldn't do anything wrong if you told him or if his mother told him.

Mr. HALLEY. And before he bought out General he was working for your brother and Farrell and Frestel and getting something like \$90 a week?

Mr. KELLY. That is right, sir.

Mr. HALLEY. Did you have any discussions with him about whether or not he should buy General?

Mr. KELLY. With McGoldrick?

Mr. HALLEY. Yes.

Mr. KELLY. I don't believe I did, sir. If he came in and asked me, I would give him some suggestions.

Mr. HALLEY. Did you suggest it?

Mr. KELLY. Not that I can recall. I don't know.

Mr. HALLEY. I am frankly trying to find out who decided to place the mantle on McGoldrick's shoulders. Here he was an \$80 a week clerk working with then Illinois Midwest and he then received the opportunity to buy a third part of that business, the part dealing with the out-of-State customers which he said netted something like \$1,500 to \$1,800 a week.

Mr. KELLY. He netted that?

Mr. HALLEY. At the time he bought it, yes.

Mr. KELLY. But he didn't make that himself.

Mr. HALLEY. No, he said that was on up to Illinois Midwest.

Mr. KELLY. Then he didn't net that. He couldn't have netted that. I mean, his business, before he paid for his news netted that.

Mr. HALLEY. No, he said that on the basic arrangement he had, he had his news, and he came out with that much, it would accumulate, and he decided he ought to pay more money to, it was then Illinois, and so he would increase the amount of his payments to Illinois purely on the same informal basis, and it occurred to me hearing him testify that perhaps the idea was to get people you could trust to play square and put them into these distributing companies down the line, wasn't that the purpose?

Mr. KELLY. To play square? Well, I don't know what you mean there, Mr. Halley.

Mr. HALLEY. Of course, there would be a lot of cash at one time or another in the hands of the General News Co., and the General News Co. was Eddie McGoldrick, who started out with a \$90 a week salary, and \$3,000 that he borrowed from Hilton, and paid back within 2 or 3 weeks.

Mr. KELLY. You mean, Mr. Halley, that McGoldrick wound up with \$5,000 a year, and he went from \$5,000 to about \$12,000, is that what you mean?

Mr. HALLEY. He testified he went from \$5,000 to about \$11,000, but he had in his name, as his property, a rather substantial amount of assets of General, from time to time very substantial amounts of cash.

Now, you would have to have somebody there you could trust, wouldn't you?

Mr. KELLY. Well, I don't know where he would have too much money, because he would have to pay for his wire service, so how much money would he have?

Mr. HALLEY. That would depend on what he paid, but he had no regular amount for wire service?

Mr. KELLY. His rate was big enough, he wouldn't have too much money.

Mr. HALLEY. He said when he started it was small enough so he could accumulate that kind of money, and then the rate was increased?

Mr. KELLY. What McGoldrick done, he done with George Kelly, he didn't do it with Tom Kelly.

I am answering questions about McGoldrick. That was with somebody else. I would like to get off that, if possible, that is for somebody else to answer.

Mr. HALLEY. Well, we get back to the problem we had at the closed sessions, that Tom Kelly takes the responsibility for Continental?

Mr. KELLY. That is right.

Mr. HALLEY. That you don't really own it, it is really Ed McBride's responsibility legally?

Mr. KELLY. I say this, it will be his responsibility after he gets out of college.

Mr. HALLEY. But he is in Florida, so he can honestly say he doesn't know what is going on?

Mr. KELLY. That is right, and I think I will trade places with him when he graduates, I will go there and he will come back here.

Mr. HALLEY. That is right, but it is your baby. You are sitting here, but you don't have the actual financial responsibility, isn't that so?

Mr. KELLY. I would hate like heck to have it lose money. I would probably have to leave town.

Mr. HALLEY. But it is not your money?

Mr. KELLY. It is not my money, no, sir, it is all his, profit or loss, it belongs to him.

Mr. HALLEY. Then you go down the line to Illinois and you are not responsible for that, because that is your brother.

Mr. KELLY. Why should I be responsible for Illinois, even though my brother is in business?

Mr. HALLEY. Well, you are not, though?

Mr. KELLY. That is right.

Mr. HALLEY. And that was set up carefully with the advice of very competent counsel, was it not; the separation of Continental from Illinois?

Mr. KELLY. Continental did not set up Illinois Sports News. That was set up by Mr. Burke.

Mr. HALLEY. Mr. Tom Burke?

Mr. KELLY. I don't know what counsel he used, if he did have any.

Mr. HALLEY. Are you talking about Thomas Burke?

Mr. KELLY. Thomas Edmund Burke. He is an old newspaperman.

Mr. HALLEY. Yes, he is an old man in the service?

Mr. KELLY. And between you and I, a very, very sick man.

Mr. HALLEY. Don't you really get this distinction? You have the Ragens, and McBride, who for some reason inherited the right to own these corporations, and then you have a lot of employees who over a long period of years, have been faithful, who have the right to go into these subsidiary distributors, and play ball? Would that be a fair statement?

Mr. KELLY. No; it would not. I would not O. K. any statement like that. I believe anybody that we supply news to will play ball, if that is what you mean.

Mr. HALLEY. Well, let's see; you have two kinds of distributors. Do you know that? Those who pay a flat rate for the news, and some do that, don't they?

Mr. KELLY. That is right, sir.

Mr. HALLEY. And some who pay a fluctuating rate, depending on what they make?

Mr. KELLY. That is right.

Mr. HALLEY. Now another instance of the fluctuating rate is Howard Sports News with Bilson and Ing?

Mr. KELLY. That is right. I believe it was in 1939.

Mr. HALLEY. They were a couple of old employees of Continental?

Mr. KELLY. Old employees of M. L. Annenberg.

Mr. HALLEY. The old line of inheritance from Annenberg to McBride to Ragen back to McBride, and these old trusted employees turn up owning—completely owning Howard Sports, don't they?

Mr. KELLY. I would like to explain that for the chairman and the rest of the people that are here. When Annenberg give up the business, all these fellows that worked for Annenberg went in business for themselves. There is nobody set them up, nobody give them any money. In fact, if anybody got shorted, I believe it was M. L. Annenberg got shorted, because when the fellows came to sell out the business, there was nothing to be sold, because they moved next door. Now when I say sell out a business, I mean this, from what I understand, the office would be over, say, at 608. They might move an

office over to 610. The Annenberg organization came in to 608, there wouldn't be anything there, it would be across the street or across the hall, wherever they could get an office, so Annenberg would come in that office, or Annenberg's lawyers come in the office and find a table and chairs, and that's all that was there. That's all there was to be sold. In the meantime, the old employees of Annenberg was in business across the street, next door, or some other place in the neighborhood.

Mr. HALLEY. But they could whistle for wire service if they didn't buy it from Annenberg?

Mr. KELLY. I would say this, if McBride didn't pick it up at the time he did, all of the old employees would have got together themselves and would have been in the business.

Mr. HALLEY. But as it turned out, McBride picked it up?

Mr. KELLY. As it turned out, McBride picked it up.

Mr. HALLEY. Now, you said that nobody gave them anything, but isn't it a fact that the \$3,000 that was used as compensation by McGoldrick was furnished by Hilton, your lawyer?

Mr. KELLY. \$3,000!

Mr. DEMPSEY. Mr. Halley, isn't it an entirely different thing that you were discussing before?

Mr. GALLAGHER. In the Annenberg set-up he said nobody gave anybody anything.

Mr. HALLEY. No; he said nobody gave the old employees anything; isn't that what you meant?

Mr. KELLY. Well, to tell you the truth, you get me all mixed up. I don't know what you are talking about.

Mr. HALLEY. We will go on.

Mr. KELLY. Do you want to find out whether I give McGoldrick any money? I put McGoldrick in business? He is a dummy? He is not a dummy, I give him nothing.

Mr. HALLEY. We know that, Hilton did it.

Mr. KELLY. Hilton gave him \$3,000; that is what I learned later on.

Mr. HALLEY. Then your brother let him have 2 weeks' wire service free?

Mr. KELLY. That was a deal between my brother and McGoldrick.

Mr. HALLEY. And there was a deal between Hilton and McGoldrick?

Mr. KELLY. That is right.

Mr. HALLEY. And all of the deals just happened to dovetail and you didn't know anything about any of them, isn't that the fact?

Mr. KELLY. No, it isn't.

Mr. HALLEY. Do you know something about it?

Mr. KELLY. I got to know something, I have been talking about it for the last 45 minutes about what you asked me.

Mr. HALLEY. You knew nothing whatsoever about McGoldrick going to borrow the money from Hilton?

Mr. KELLY. No, I did not.

Mr. HALLEY. Did you know about your brother going to give McGoldrick 2 weeks' free wire service?

Mr. KELLY. It may be that was a deal they might have talked to me about it, I don't know.

Mr. HALLEY. Don't you think it is a curious situation that the old employee and trusted employee is able to go to your brother and get a deal to buy all this valuable service for \$3,000; he is able to go to Hilton and get a deal to borrow \$3,000; he is able to go back to your brother and get 2 weeks' free service; and he gets the \$3,000 back to give to Hilton inside of 2 weeks? Isn't it a wonder?

Mr. KELLY. That is far fetched. I don't believe you are on the right track, Mr. Halley.

Mr. HALLEY. How do you think it worked?

Mr. KELLY. Here is a young fellow that's been in the business like Eddie McGoldrick. If he had come to me I would have loaned him \$3,000, that is what I think of McGoldrick, and I would have sooner seen McGoldrick in business than somebody else, and if McGoldrick didn't go in business and pick up that circuit, somebody else would have been in business and picked up that circuit. When you pick up a fellow like McGoldrick, you are not putting a fellow in business that is a hoodlum, or that is a bum, you are putting in a high-class young fellow.

Mr. HALLEY. Well, did you put in the high-class young fellow?

Mr. KELLY. No, sir; I did not.

Mr. HALLEY. Then what has that got to do with the thing. You said he picked it up and went in himself.

Mr. KELLY. He bought it. I understand he didn't pick it up, he bought a business. He was an employee of the people that were selling out.

Mr. HALLEY. In any event, you didn't know what he was going to do, you knew nothing about it in advance?

Mr. KELLY. Nothing about what McGoldrick was going to do?

Mr. HALLEY. Yes.

Mr. KELLY. He may have come to me and told me he would like to get it, and put a word in for him, or something, which I would do, but I don't recall, Mr. Halley.

Mr. HALLEY. Did you ask Hilton to give him the money to buy it?

Mr. KELLY. I wouldn't ask Hilton. If I wanted him to have any money, I would have given it to him myself.

Mr. HALLEY. Did you have any discussion with your brother about the sale price, the \$3,000 price?

Mr. KELLY. No, sir; I don't believe I did.

Mr. HALLEY. Now going back to Baltimore, with regard to Howard Sports, do you regard that as an independent company?

Mr. KELLY. Howard Sports? If that is not an independent company, then I shouldn't be sitting here. The reason I say that is if that is not independent, there is nothing independent, the Chicago Transit is not independent, the Government is not independent.

Mr. HALLEY. Did you hear the testimony?

Mr. KELLY. Of who?

Mr. HALLEY. Of Bilson Ing, the vice president?

Mr. KELLY. No, sir; I have been in that room for 2 days.

Mr. HALLEY. Do you know the financial arrangements which your brother has? Is it your brother or Continental direct—it is Continental, it is yourself, that deals with Howard?

Mr. GALLAGHER. Yes.

Mr. HALLEY. Yes, of course.

Mr. KELLY. Continental direct; yes, sir.

Mr. HALLEY. But do you know your own arrangements with Howard with regard to payment?

Mr. KELLY. I should. What is the question?

Mr. HALLEY. What are the arrangements with——

Mr. KELLY. The arrangements with Howard? I believe they pay \$550 or \$540 a week. I don't know what the figures are, but it is 500 and some dollars a week.

Mr. HALLEY. Is that a flat rate?

Mr. KELLY. No, sir; it is not. It is a fluctuating rate.

Mr. HALLEY. What is the basis of the fluctuations?

Mr. KELLY. That rate there was set by Mr. Ragen when he was alive, and that rate has been going on since 1939, and there is—I think the Howard Sports Daily is a corporation, and I believe that the corporation is allowed to wind up with a certain amount of money and send the balance to Continental Press as a rate.

Mr. HALLEY. Now, what is the amount of money that the corporation is allowed to wind up with?

Mr. KELLY. I think it will run about \$18,000 to \$20,000, or \$25,000. Between——

Mr. HALLEY. Well, the salary for each of the three stockholders?

Mr. KELLY. Salary or bonuses or whatever they want to give each other at the end of the year that would be reasonable, that Ragen would advise them to distribute or suggest that they get or something else.

Mr. HALLEY. Well, we are talking about your arrangements with them since you became the——

Mr. KELLY. It hasn't changed——

Mr. HALLEY (continuing). The solely responsible party.

Mr. KELLY. It hasn't changed since Mr. Ragen has died. It is the same thing. What was good in them days is good now.

Mr. HALLEY. You would want, naturally, as the sole boss to know what was good, what the deal was, wouldn't you?

Mr. KELLY. There is a good deal for both.

Mr. HALLEY. Well, what is it? You can't tell whether it is a good deal unless you know what it is.

Mr. DEMPSEY. I think, Mr. Halley, he just told you what it was.

Mr. KELLY. It is \$18,000 or \$20,000 a year that they wind up with, and the rest goes to Continental Press.

Mr. HALLEY. How does the \$18,000 or \$20,000 a year get distributed?

Mr. KELLY. They distribute it the way they see fit. I believe—bonuses and salaries.

Mr. HALLEY. Well, I think the statement was that one of them gets a salary of \$150 a week, another one gets \$80 a week, and another one gets \$80 a week, is that about right?

Mr. KELLY. What does that amount to about a year; then you have got the answer?

Mr. HALLEY. That is about \$18,000, \$17,000.

Mr. KELLY. Then that is the answer. That is the answer.

Mr. HALLEY. Between three people?

Mr. KELLY. The corporation. How many is in the corporation, I don't know.

Mr. HALLEY. Now, they——

Mr. KELLY. Mr. Halley——

Mr. HALLEY. The vice president—go ahead.

Mr. KELLY. That rate was set by Mr. Ragen.

Mr. HALLEY. But that is supposed to be an independent corporation, is it not?

Mr. KELLY. Will you excuse me a minute and let me finish, please?

Mr. HALLEY. Surely.

Mr. KELLY. That rate was set by Mr. Ragen, and all these former employees of M. L. Annenberg's that had these businesses were tickled to death to make a living, and which they are. They are making a good living. They have got very good offices, they have got very good distributors. The fellow in the Baltimore office who I know very well—his name is Harry Bilson—Harry Bilson had a stroke. Now, Harry Bilson himself is not able to do too much work. I understand that he is—he is top man, where he gets \$100 or \$150 a week. Now, if he was in some organization outside of his own he wouldn't get \$50 a week because the man is incapable of working.

Mr. HALLEY. Well, if he was in some organization that was independent, he would hire an employee to do the work and he would sit back and take the profits?

Mr. KELLY. They do do the work. If—he doesn't do the work himself. He has got other employees that does it for him.

Mr. HALLEY. We understand he has been the active manager in charge of the crews, directing the operations.

Mr. KELLY. The answer to that would be, Mr. Halley, why did Bilson Ing come out of there. Why didn't Mr. Harry Bilson come out of there?

Mr. HALLEY. Well, Bilson Ing gets \$70 a week, is that right?

Mr. KELLY. Excuse me, I am arguing with you a point that I shouldn't be arguing with you, I am sorry.

Mr. HALLEY. Why shouldn't you be arguing with me?

Mr. KELLY. I shouldn't be arguing with you why somebody come out and somebody else didn't come out. That is your business to subpoena whoever you want and bring out whoever you want.

Mr. HALLEY. Well, the fact is that Bilson and Bilson Ing were old employees?

Mr. KELLY. That is right.

Mr. HALLEY. And they were set up by Ragen with the theory that they'd get a certain amount a week, is that right?

Mr. KELLY. I'd like to——

Mr. HALLEY. And remit everything over that back to Continental?

Mr. KELLY. They would get a certain amount of money out of the organization, out of their corporation, and the rest would go as a rate to Continental Press.

Mr. HALLEY. And what they get would be the salary set some time back by Ragen?

Mr. KELLY. They would get whatever they wanted to take out of there. Ragen couldn't control that.

Mr. HALLEY. But they never did anything that would offend Ragen and they haven't done anything that would offend you, isn't that the fact?

Mr. KELLY. These offices and these distributors, if Continental goes down, they are in pretty bad shape.

Mr. HALLEY. Don't you see the point? If you don't, if you disagree say so, but isn't it the fact that Howard Sports News theoretically is run by three men who do what they want?

Mr. KELLY. They can do what they want. They can cut Continental off tomorrow.

Mr. HALLEY. They have a board of directors and can do what they want to do?

Mr. KELLY. Whatever they want to do is up to them.

Mr. HALLEY. But what they want to do is keep on drawing salaries of \$100, \$150, \$70 a week and not make any profit?

Mr. KELLY. In reality they want to keep the same deal they had in 1939 under a man that was shot.

Mr. HALLEY. They don't want to change it?

Mr. KELLY. They don't want to change it.

Mr. HALLEY. Other people have changed their deals since the man was shot. You have, for instance.

Mr. KELLY. I have changed my deal; yes, sir.

Mr. HALLEY. You have come up in the world.

Mr. KELLY. With a lot of responsibility.

Mr. HALLEY. They have a lot. They have the Howard Sports News. Now, I would like to turn to the other type of distributor. You do have many distributors who pay a fixed rate. It doesn't vary at all, isn't that right?

The CHAIRMAN. Before you get to the other type, as I understand it, Mr. Kelly, all of the concession type of distribution is to these three distributors, is that correct? How many of them are there?

You have Howard News on the east coast, General News out West, and you have Illinois News and Chicago in this area. What are the others of that type?

Mr. KELLY. The type that distributes news or Continental buys news from—is that what you mean?

The CHAIRMAN. No, I am talking about people that gathers news and put it on your wire and you pay them for that news and then they pay you for giving them news from other sections of the country.

Mr. KELLY. I think there are about four of them.

The CHAIRMAN. Let's name the four of them.

Mr. KELLY. I think you have—if you wanted a better picture, you could get that from Hawkins, the wire chief, Senator. He is the man to talk to about that.

The CHAIRMAN. But you know. You have the Howard News.

Mr. KELLY. Howard Sports. You have a news organization in New York, TeleSports, I believe it is, and you have Chicago, the Illinois.

The CHAIRMAN. And where does R. & H. come in?

Mr. KELLY. I don't—

The CHAIRMAN. R. & H. is a customer of Illinois. That is right. Then what is the other one?

Mr. KELLY. There is one other one. I can't think just what it would be. Mr. Halley would have that in Continental's records, about who gathers news for Continental.

The CHAIRMAN. Well, while we are on that type of distribution, the thing that impresses me, Mr. Kelly, is that with Illinois and with Howard and with your distributors, your four of that kind, your contract seems to be on an indefinite sort of basis, fluctuating back and

forth, depending on how much they make, and then their contracts in turn with the subdistributors is sort of on the same basis of fluctuating back and forth depending on how much somebody is making and how good business is. But so far as I can see, the final fellow who would determine how good business is going to be in the final analysis would be you, because you are the man that has control of the service to all of them.

Mr. KELLY. Continental has control of the service to all of them; yes, sir.

The CHAIRMAN. Are all the contracts you have, these four distributors of this type we are talking about, on the indefinite sort of basis depending on how good business is?

Mr. KELLY. Not only them four, but there are quite a few others beside them four. There are quite a few other ones and the records will show, I think, just how many there are.

The CHAIRMAN. All right. That is all.

Mr. HALLEY. How do you fix your flat rates with the people who have the flat-rate deals?

Mr. KELLY. I think our flat rates have been in existence since Ragen has been alive, and I don't think they have been changed. He fixed them.

Mr. HALLEY. Let's get back to Chicago, then. You have first Illinois, which is your brother, and then you have General which we have pretty well exhausted, I think?

Mr. KELLY. I hope so.

Mr. HALLEY. Then we have two others; one is Scanlan, and he is now called Midwest; is that right?

Mr. KELLY. I believe so.

Mr. HALLEY. And the others are R. & H.?

Mr. KELLY. That is right.

Mr. HALLEY. Do you know anything much about either Scanlan or R. & H.?

Mr. KELLY. I know nothing at all about any of them. Meaning what, Mr. Halley?

Mr. HALLEY. About their operation, their method of operation?

Mr. KELLY. No. I have not been familiar with them for quite a while, for quite a few years.

Mr. HALLEY. Is it your position that the rates for Scanlan and R. & H. are set by Illinois and not by Continental?

Mr. KELLY. That is right, sir.

Mr. HALLEY. R. & H. is the same outfit, is it not, that gave Mr. Ragen all the trouble back in 1946?

Mr. KELLY. That has me stumped. I don't think R. & H. was in business when Ragen started—started having trouble.

Mr. HALLEY. Well, Hymie Levin, in any event.

Mr. KELLY. I would say Hymie Levin started his trouble.

Mr. HALLEY. And Phil Katz and Roy Jones were with Hymie Levin at that time, weren't they?

Mr. KELLY. That I couldn't say. I wouldn't know them if they come in that door.

Mr. HALLEY. Did you ever have Trans-American checked by your counsel? I think he said he went and looked at the incorporation papers.

Mr. KELLY. I think Ragen had that done.

Mr. HALLEY. Wasn't Trans-American Jones, Katz, and Levin?

Mr. KELLY. Trans-American?

Mr. HALLEY. Yes.

Mr. KELLY. No; I think you are wrong on that. I think Trans-America was O'Hara, Burns, and Burns, I think.

Mr. HALLEY. You are right.

Mr. KELLY. I think there were two Burnses and O'Hara.

Mr. HALLEY. You are right, and R. & H., which began to buy from Trans-American, were Katz, Jones, and Levin; isn't that right?

Mr. KELLY. I couldn't say "Yes" or "No."

Mr. HALLEY. You never did find that out?

Mr. KELLY. No, sir.

Mr. HALLEY. During that period there was a great deal of fear of bodily harm from the Trans-American crowd on the part of your group, wasn't there?

Mr. KELLY. Well, I don't know. They didn't bother nobody outside of Mr. Ragen. Whoever bothered him I don't know.

Mr. HALLEY. I think you stated to me you wouldn't want to tangle with them?

Mr. KELLY. I don't want to tangle with anybody. I am getting pretty old. I can't run any more.

Mr. HALLEY. You weren't looking for trouble from them, were you?

Mr. KELLY. I am not looking for any trouble from you or anybody else.

Mr. HALLEY. I think you stated that you thought if you had trouble with them you might find yourself harmed bodily?

Mr. KELLY. No, sir; I didn't say that. I wouldn't say that, because I don't want no trouble with them, or you, or with anybody else.

The only thing I have in life is to raise my family; that is all I have got in life. That is what I want to maintain. I want to keep up that standard.

Mr. HALLEY. I think you said you didn't want to get shot the way Ragen did?

Mr. KELLY. I didn't want to get shot? Why should anybody want to shoot me?

Mr. HALLEY. Why did anyone want to shoot Ragen?

Mr. KELLY. That is something if I knew who shot him, I could get \$25,000 for.

Mr. HALLEY. You would be getting it, in effect, from your own friends.

What I am trying to get at is simply this: After the Trans-American group gave up business and Ragen was gone, why did you take the same bunch back as your own distributors?

Mr. KELLY. Did we take—oh, distributors?

Mr. HALLEY. Well, and then you took Pat Burns right back into the family?

Mr. KELLY. I took Pat Burns back in the family? Pat Burns, from what I understand, went to work for Illinois Sports News.

Mr. HALLEY. There we go again. Is that your brother who is responsible for that?

Mr. KELLY. I would say so.

Mr. HALLEY. Wasn't it discussed with you?

Mr. KELLY. He may have discussed that with me, Mr. Halley; yes.

Mr. HALLEY. I think he said it was a subject of some discussion.

Mr. KELLY. My brother would call me maybe a thousand times a day and ask me where his wife could buy a pair of shoes.

Mr. HALLEY. And ask you how to run Illinois Sports News, too?

Mr. KELLY. Not ask me—Mr. Halley, I would have to be superman to run everything everybody asked me a question about.

Mr. HALLEY. What happened exactly about Burns? How did you happen to take him back, or your brother?

Mr. KELLY. The only one who could answer that is George Kelly.

Mr. HALLEY. What discussions did you have with George Kelly about it?

Mr. KELLY. He may have told me that he hired the man.

Mr. HALLEY. Did you have any discussions that the Ragen family might not like it?

Mr. KELLY. With whom?

Mr. HALLEY. Your brother.

Mr. KELLY. No.

Mr. HALLEY. Or with anyone else?

Mr. KELLY. Yes; with Arthur, the lawyer.

Mr. HALLEY. With Arthur?

Mr. KELLY. Yes, sir.

Mr. HALLEY. You consulted him before you told your brother it was all right?

Mr. KELLY. No, sir; I did not.

Mr. HALLEY. How did you happen to discuss it with Arthur?

Mr. KELLY. Arthur was discussing former employees that had left Continental and went with Trans-American. And at that time I asked him, I says, "Mr. Arthur, what would you think about these fellows coming back?"

He told me, he says, "I think the Ragen family and the Ragens themselves would not like it."

That created a problem in our organization because here is Walter Lloyd that is a wire chief; he wanted the best men he had, and he wanted his old crowd back, people that he could rely on.

I am in between Arthur and Walter Lloyd.

So far as Tom Kelly was concerned, I put them both together, and I said, "Iron your deal out."

I said, "Whatever you two decide, that is good enough for me."

And Walter Lloyd went out and hired some operators and some people that had left Continental and went with Trans-American.

Mr. HALLEY. He hired over 20 of them, didn't he?

Mr. KELLY. No; he did not. I don't think there was four left Continental.

Mr. HALLEY. I thought the number he hired back from Trans-American was 26?

Mr. KELLY. No; I doubt there was four of them, Mr. Halley.

Mr. HALLEY. Well, there was the Burns, the three Burnses, at least.

Mr. KELLY. I am eliminating them. They are not operators. They are track crews.

Mr. HALLEY. How many track crews were hired?

Mr. KELLY. I would say maybe about 10 altogether, 10 people.

Mr. HALLEY. Ten people, including operators, track crews, and everybody else?

Mr. KELLY. I would say that, including the Burnses.

Mr. HALLEY. They were taken back in the matter of about a week after Trans-American went out?

Mr. KELLY. I wouldn't know when they were taken back. I would have to check that. In other words, I don't believe any of them—well, there may have been some. I am answering something for the wire chief. I don't know.

Mr. HALLEY. They were not out of work very long?

Mr. KELLY. A good man will never be out of work.

Mr. HALLEY. They were not out of work long?

Mr. KELLY. That is right; they were good men, I would say.

Mr. HALLEY. They came right back to Continental?

Mr. KELLY. I wouldn't say that; they might have went to work for some people that were distributors of Continental; yes; that could happen.

Mr. HALLEY. Wasn't that one of the reasons that they went back on the Illinois payroll, was that you didn't want to offend the McBride family and the Ragen family?

Mr. KELLY. Not the McBride family, the Ragen family.

Mr. HALLEY. Wasn't that one of the reasons for the discussion?

Mr. KELLY. No, I think Arthur went back and talked to the Ragens, and I think the Ragens, I think they agreed to let them people go back. After all, Mr. Halley, if Continental went down, the Ragens wouldn't have gotten no money, so they were interested in Continental going on, so anything that attorneys for the estate would agree to, they would say "O. K."

Mr. HALLEY. And they agreed that the employees come back?

Mr. KELLY. I don't know whether they agreed or not, but the employees went back, and the Ragens were satisfied.

Mr. HALLEY. Now, who made the decision that the distributors should come back?

Mr. KELLY. I think you can put that on Tom Kelly, any of the distributors that come back.

Mr. HALLEY. Well, how did you work it out, say, with the Kansas City distributors, Harmony?

Mr. KELLY. Kansas City distributor never come back to Continental.

Mr. HALLEY. Well, he came back on Illinois Midwest?

Mr. KELLY. That is probably right, sir.

Mr. HALLEY. Can I pin that on you, or do I have to go talk to Brother George about that?

Mr. KELLY. Well, I don't think you could pin it on Brother George or me. I think you can pin that on Mr. Edward Lenz.

Mr. HALLEY. Now, Ed Lenz is just an employee, isn't he?

Mr. KELLY. Ed Lenz is like an old shoe. He has been around longer than probably anybody in the organization has.

Mr. HALLEY. And, if he decided to take back a company that had been fighting you bitterly, wouldn't he consult either you or your brother, or Farrell, or one of the other bosses?

Mr. KELLY. Mr. Halley, when you talk about fighting you bitterly, people in Kansas City never fought me bitterly.

Mr. HALLEY. They beat up Tom Burke's son, didn't they?

Mr. KELLY. I don't know. Tom Burke's son, as I told you before—I didn't tell you, I think you were absent that day—I told the committee in my 12-hour talk that Tom Burke, Jr., had got out of the Army after being over in China for about 4 years. He come home, and he was full of malaria. He was looking for a job, so I think Mr. Ragen put him to work. Tom Burke, Jr., likes to drink a little, so Burke, Jr., went to Kansas City, I understand, and from reading the testimony, or I believe you told me, that he got beat up down there. Well, I never seen Tom Burke, Jr., from the time he went to work for us maybe a dozen times, and I didn't know he got beat up until I heard it here or read it in the newspapers.

Mr. HALLEY. Well, you hired a lawyer named Kononos, didn't you?

Mr. KELLY. Continental Press never had Kononos on the payroll or on the—as a retainer.

Mr. HALLEY. Well, who retained him?

Mr. KELLY. That I don't know.

Mr. HALLEY. Somebody did; somebody paid him. Illinois didn't. He says Continental did.

Mr. KELLY. The only thing I can answer is Continental.

Mr. HALLEY. He says Continental did.

Mr. KELLY. I say no.

Mr. HALLEY. He was threatened.

Mr. KELLY. That is possible.

Mr. HALLEY. Gangsters in cars crowded him off a street twice.

Mr. KELLY. Kononos never got no money from Continental.

Mr. HALLEY. Did you ever talk to Pat Burns about the Kansas City situation? After all, he was the expert on Trans-American.

Mr. KELLY. No, sir; I had never been in Kansas City in my life, never had no desire to go to Kansas City; and I never talked to Pat Burns about Kansas City.

Mr. HALLEY. I noticed that you testified before the McFarland committee that you had no idea that Gargotta and Lacoco were in Kansas City, that you thought it was purely Simon Partnoy from beginning to end?

Mr. KELLY. The only one I knew in Kansas City was Simon Partnoy and I met him twice.

Mr. HALLEY. It seems inconceivable to me that you wouldn't have heard—a man whose business it is to know everything that goes on in connection with the racing-wire news—it seems to me inconceivable that you wouldn't have heard what happened to Partnoy in Kansas City.

Mr. KELLY. In other words, I should have found out underneath the bed whose Partnoy's partners were?

Mr. HALLEY. You wouldn't have to go underneath the bed. The testimony is that Pat Burns, who I believe went right back to work for Illinois, made the deal with Eddie Spitz in Kansas City for Trans-American?

Mr. KELLY. In return Pat Burns told me about it; is that the story?

Mr. HALLEY. I don't know. It would seem to me only logical that you or your brother, who was the direct head of Illinois, would have learned from Pat Burns a little bit about Kansas City before you took Kansas City back as a distributor?

Mr. KELLY. Continental Press had never taken Kansas City back for a distributor; they never will; they never would.

Mr. HALLEY. But Illinois did?

Mr. KELLY. Illinois News put a printer in there for Mr. Partnoy, one printer in Kansas City.

Mr. HALLEY. And charged him \$100 a week for it?

Mr. KELLY. Mr. Lenz done that, and he penalized him; he took seven States away from him for going with the other people.

Mr. HALLEY. I don't understand how he penalized him. We checked the records this morning and we find that in Omaha, where at least, according to the statements given to the Interstate and Foreign Commerce Committee, there are less drops than there are in Kansas City, they were getting as much as \$600 a week.

Yes; the record shows that he testified three or four hundred, but then we checked the record and it showed \$600 as the maximum and sums running around four and five hundred for other weeks.

Mr. DEMPSEY. May I ask what records you checked on that, Mr. Halley?

Mr. HALLEY. We checked—on that we checked our own records which we had right here.

Mr. DEMPSEY. Do you have any records showing what Omaha pays?

Mr. HALLEY. We do.

Mr. DEMPSEY. What is the source of your information?

Mr. HALLEY. The books and accounts of the General News Co. which were furnished to us after a considerable amount of effort by your subsidiaries who ducked the subpoenas for many, many months.

Mr. KELLY. That would show it.

Mr. HALLEY. And I read it over right here.

Mr. DEMPSEY. I think it should be identified for the record when you make a statement like that.

Mr. HALLEY. Surely. Can we have the books of General News and we will identify that for the record?

Mr. DEMPSEY. And, Mr. Halley, may I say that your statements may appear to you to be funny, but they are quite gratuitous and uncalled for when you attempt to relate to anything with reference to Continental and their ducking or withholding of information. You well know you—

Mr. HALLEY. There is no doubt about that, is there?

Mr. DEMPSEY. Now, Mr. Halley—

Mr. HALLEY. Do you remember the trouble we had locating the books and records of the various distributors?

Mr. DEMPSEY. I don't know what trouble you had about that.

Mr. HALLEY. Do you remember we sat down and talked about it, I would say at least 1 hour, about the problems we had getting the subpoena served on George Kelly, Tom Kelly's brother?

Mr. KELLY. George Kelly was never subpoenaed; he came in voluntarily.

Mr. HALLEY. He didn't come in until after you appeared.

Mr. DEMPSEY. You never did ask Mr. Kelly to appear here.

Mr. HALLEY. We tried to serve a subpoena on him for many, many weeks.

Mr. DEMPSEY. Now, Mr. Halley—Senator, I resent Mr. Halley's gratuitous and uncalled for remarks; they are not accurate; they are not factual.

The CHAIRMAN. Well, your statement is made a part of the record.

Mr. DEMPSEY. And I will ask that he not be permitted to continue.

Mr. HALLEY. I think we found the Midwest situation was that the office had closed; the books had disappeared; the partners, Scanlan, Farrell and Frestel, have not been found and we cannot serve subpoenas on them, although we have knowledge that Midwest is attempting to conduct sneak operations. We understand that R. & H. telephoned the telegraph company only last week in an effort to have a telegraph service installed at a new location for them, but their present location is locked, the books are not there; the partners Jones, Katz, and Levin are missing.

Now those are your distributors.

Mr. KELLY. No; Continental don't sell them news. Illinois Sports News sells them news. Continental has nothing to do with it.

The CHAIRMAN. That is all right; we have had the argument about who Illinois Sports News is.

Mr. KELLY. Senator Kefauver——

The CHAIRMAN. You now have what the records show on this point?

Mr. HALLEY. This is the book if you would like to observe it.

Mr. DEMPSEY. No; I am asking simply that the source of the information be identified, that is all.

Mr. HALLEY. They run right through. We picked a particular week. I think at that time I was looking at May 1949, which you will find in there, the rate—You have it right here.

There is Gary, Ind., you remember, \$500 a month; Omaha had it at \$648 a month. There is another place, Kenosha, \$64 a month.

The CHAIRMAN. The record does show here that May 1949, for instance—what is that on Omaha?

Mr. HALLEY. No; that is Kenosha; but that is only \$64.

The CHAIRMAN. Omaha paid \$648.

Mr. DEMPSEY. I think the record also ought to indicate that it cannot be related to the date in the Interstate Commerce Commission report because that relates to the number of drops these people had during the spring of 1950.

The CHAIRMAN. Anyway, these records are part of it and we can relate them to it.

Mr. HALLEY. I think that is a proper point, that there is a time element involved.

The CHAIRMAN. Let's get on. We have a long way to go here.

Mr. HALLEY. We would like to have all of the records so we could get the dates right, though. We have been trying very, very hard to find them.

Mr. DEMPSEY. You have all of ours.

Mr. HALLEY. Can you explain why the Trans-American Service would get a rate of only \$100 a week when it resumed its service?

Mr. KELLY. Trans-American Service get a rate from who?

Mr. HALLEY. From Illinois.

Mr. KELLY. Trans-American Service?

Mr. HALLEY. Harmony, Trans-American's outlet in Kansas City.

Mr. KELLY. Trans-American's outlet in Kansas City would get a rate from Illinois for \$100?

Mr. DEMPSEY. I think it is Midwest you mean, not Illinois?

The CHAIRMAN. Yes; from Midwest; for \$100.

Mr. HALLEY. Illinois Midwest?

Mr. KELLY. I think, so I will understand it—you mean that Partnoy got a rate from Eddie Lenz of \$100, and what is the reason for it; is that right?

Mr. HALLEY. No; I won't accept that statement because the testimony of Eddie Spitz is that he came up to Chicago and negotiated that directly, I think, with Farrell.

Mr. KELLY. He negotiated a deal with Farrell for his service?

Mr. HALLEY. That is right; he so testified.

Mr. GALLAGHER. Mr. Halley, you say you wouldn't take any testimony; you mean you are taking Eddie Spitz' against Eddie Lenz, and giving him—

Mr. HALLEY. The record shows there are two conflicting statements; neither one has been established, but, bearing in mind that there are two conflicting statements, can you offer any explanation of why the \$100 rate should have gone to this outfit in Kansas City when they came back on to the Continental Service?

Mr. KELLY. I would suggest, Mr. Halley, if Mr. Lenz set the rate at \$100, he has been in business since 1907, and I would say, if it was worth \$108, he got \$108 out of it.

Mr. GALLAGHER. Mr. Halley, may I help you for your record? I know you want to keep this thing factual. I think a good surmise as to why \$100 wasn't bad when he was having difficulties with the Utilities Commission of the State of Missouri; if you were to take the drops on the Midwest wire through the territory that Harmony had had in 1946 and added what they were receiving from those drops which they did not get back, I believe you would find they were still getting around \$1,100 a week or so out of the same territory in which Harmony was paying Continental in 1946.

Mr. HALLEY. Actually Harmony was paying Continental \$1,500. If Harmony had got a deal for \$500 a week, which would have been more equitable a deal, it would have just about evened up.

The CHAIRMAN. All right. Let's pass on to Florida.

Mr. HALLEY. Going ahead with Florida. Did you know Butsy O'Brien, William G. O'Brien?

Mr. KELLY. Yes; I knew Butsy.

Mr. HALLEY. How long have you known him?

Mr. KELLY. He was born at Fifty-fifth and Halsted. I believe.

Mr. HALLEY. A Chicago boy?

Mr. KELLY. That is right.

Mr. HALLEY. Did he ever work for the wire service here in Chicago?

Mr. KELLY. I believe he did.

Mr. HALLEY. In what capacity?

Mr. KELLY. I think he was a road man for Mr. Annenberg.

Mr. HALLEY. And then he went down to Florida and set up the Florida service?

Mr. KELLY. I think he went down to Florida for Mr. Annenberg.

Mr. HALLEY. After Mr. Annenberg went out of the business, Butsy O'Brien inherited it; is that right?

Mr. KELLY. That is right—no; I think if you will check it right. I think he had the news down there himself during Annenberg's time.

Mr. HALLEY. When did you last talk to O'Brien?

Mr. KELLY. Oh; I haven't seen O'Brien in a year or two years.

Mr. HALLEY. When have you last talked to him on the telephone?

Mr. KELLY. Oh, that I couldn't tell you.

Mr. HALLEY. Was it this year?

Mr. KELLY. Yes, sir; it was. I believe so. I believe it was.

Mr. HALLEY. Was it in the last month?

Mr. KELLY. I don't think so; no, sir.

Mr. HALLEY. Was it since June of this year?

Mr. KELLY. It was in this year some time. I don't know when it was.

Mr. HALLEY. Was it about the time this committee was having investigations in Florida?

Mr. KELLY. No, sir; it wasn't. I don't believe so.

Mr. HALLEY. Do you know where O'Brien is at this time?

Mr. KELLY. No, sir; I do not.

Mr. HALLEY. O'Brien went with Trans-American; did he not?

Mr. KELLY. I think O'Brien took both services.

Mr. HALLEY. Took both services?

Mr. KELLY. I believe so.

Mr. HALLEY. Did he continue paying you?

Mr. KELLY. I think he paid both of us.

Mr. HALLEY. And he paid them?

Mr. KELLY. That is right.

Mr. HALLEY. And when they went out of business he stayed with you?

Mr. KELLY. That is right.

Mr. HALLEY. And paid you the same rate he had been paying?

Mr. KELLY. That is right.

Mr. HALLEY. The idea was that he was playing it safe?

Mr. KELLY. That is right.

Mr. HALLEY. When the Trans-American went out of business, was it necessary to make any particular arrangements with respect to Florida or did you just let it go?

Mr. KELLY. Yes; I think arrangements were made particularly. We got the \$1,080 for the State of Florida, which was probably worth maybe about \$3,000.

Mr. HALLEY. Why did you do that?

Mr. KELLY. Couldn't get no distributors outside of him. He was the only man down there. We got that or got nothing.

Mr. HALLEY. Couldn't you set up another distributor?

Mr. KELLY. That is very, very hard to do, Mr. Halley, set up another distributor.

Mr. HALLEY. He had a lot of friends.

Mr. KELLY. He had more friends than Tom Kelly has, I believe.

Mr. HALLEY. And he was able to insist on a rate of \$1,080 a week?

Mr. KELLY. I am trying to think how that came about. He got his rate for \$1,080. That is what he paid.

Mr. HALLEY. Was that before Howard came into the picture?

Mr. KELLY. Before Howard came into the picture?

Mr. HALLEY. Yes. Wasn't he buying from Howard after Trans-American in 1947?

Mr. KELLY. I think if—O'Brien may have been buying from Howard. I can't answer that. I wouldn't know for sure.

Mr. HALLEY. In any event—I am not quite sure of that point—he negotiated a price with you?

Mr. KELLY. He negotiated a price of \$1,080.

Mr. HALLEY. With you?

Mr. KELLY. I would say yes. I don't remember, but I would say yes. I would be the only one he could talk to, outside of Lenz. Lenz would sell it to him if I was out of town.

Mr. HALLEY. He had enough bargaining power to get a fixed rate and keep it?

Mr. KELLY. Yes; he is a likable fellow.

Mr. HALLEY. What happened in Florida in 1949? Can you throw any light on the shut-off of the wire service?

Mr. KELLY. I couldn't tell you that if I was to die tomorrow.

I don't know nothing about shutting off of the service down there, who shut it off, why it was shut off, or anything.

Mr. HALLEY. Did you ever talk to O'Brien about it?

Mr. KELLY. I never talked to O'Brien about it, no, sir; positively.

Mr. HALLEY. Did you get any complaints directly from O'Brien?

Mr. KELLY. Not a complaint out of Florida. In fact, in 1949, you are talking about, Continental Press hadn't been—hadn't had a wire in Florida since 1948, December 22, I believe.

Mr. HALLEY. Well, there has been some testimony here that after the Trans-American went out of business—

Mr. KELLY. That is 1948, or 1947.

Mr. HALLEY. Certain gangster elements moved into the Florida area, and had a lot of influence over the wire service. Do you know anything about that?

Mr. KELLY. Gangsters moved into the wire service down in Florida after 1948?

Mr. HALLEY. Had a lot of influence on Butsy O'Brien's operation?

Mr. KELLY. I doubt that, Mr. Halley, very much.

Mr. HALLEY. Who is John Scanlan?

Mr. KELLY. John Scanlan? I will give you the history of John Scanlan, if you wish, what I know about him.

John Scanlan, I think, was born around Fifty-fifth and Wentworth Avenue in Chicago. I think he went to St. Anne's School. John Scanlan went to work, I believe on the Chicago Junction Railway. After he left there, I think he went to work for Annenberg. After he left there, I believe he was working for the race tracks, around Chicago.

Then, he got into, I think a—wait a minute. I am getting ahead of myself.

He went to work for Jack Lynch on the News Bureau, in Philadelphia or around Philadelphia. The next thing John Scanlan done, I think, was to get into the Midwest News.

Mr. HALLEY. When was that?

Mr. KELLY. Oh, I believe that goes back a year or 2 years.

Mr. HALLEY. Well, wasn't he in partnership with Hymie Levin in 1942?

Mr. KELLY. I doubt it very much.

Mr. HALLEY. And didn't he operate gambling establishments between 1942 and 1944?

Mr. KELLY. If he done that, he did it for the man he worked for, Jack Lynch.

May I add this, Mr. Halley, if you are talking about a place in the Loop, downtown, I think that was Jack Lynch's place.

Mr. HALLEY. And was Lynch in partnership with Levin?

Mr. KELLY. I don't believe so. Lynch was in partnership with the News Bureau.

Mr. HALLEY. Do you know the relationship between Scanlan and Levin?

Mr. KELLY. No, sir; I don't.

Mr. HALLEY. Do you know whether or not they were in business together?

Mr. KELLY. No, sir; I do not know that.

Mr. HALLEY. Didn't they run a book at a cigar store on Dearborn Street in 1942?

Mr. KELLY. I wouldn't know that, sir.

Mr. HALLEY. And didn't he then operate with Frank (Chew Tobacco) Ryan?

Mr. KELLY. That I wouldn't know because the dates you are talking about now, I believe I was in Cleveland at that time.

Mr. HALLEY. Did he have any other contact with any other elements that might help, and I refer specifically to the Capone gang?

Mr. KELLY. None that I know of.

Mr. HALLEY. You knew of no contact with Levin?

Mr. KELLY. No, sir.

Mr. HALLEY. Or Accardo?

Mr. KELLY. If Mr. Scanlan had any contacts with them, he would never have been an employee of Continental Press.

Mr. HALLEY. Was he an employee originally?

Mr. KELLY. Of Continental Press?

Mr. HALLEY. Yes.

Mr. KELLY. He worked for Annenberg?

Mr. KELLY. That is right.

Mr. HALLEY. We are talking about 1947.

Mr. KELLY. I beg your pardon.

Mr. HALLEY. Who did he work for in 1947?

Mr. KELLY. I think he was working on the race track.

Mr. HALLEY. When you took him on in 1947, who did he work for?

Mr. KELLY. We didn't take him on in 1947. He didn't work for us in 1947.

Mr. HALLEY. Who did he work for in 1947?

Mr. KELLY. I think he worked for the race tracks.

Mr. HALLEY. When did you take him on?

Mr. KELLY. It might have been 1948.

Mr. HALLEY. In what capacity?

Mr. KELLY. As a man to go around to each race track and get us in.

Mr. HALLEY. For whom did he work?

Mr. KELLY. Continental Press.

Mr. HALLEY. Did he go to Florida and talk to various bookies?

Mr. KELLY. Florida?

Mr. HALLEY. Yes; as a road man.

Mr. KELLY. I don't believe he did, Mr. Halley. He may have gone down there and talked to the race tracks. That was his job.

Mr. HALLEY. Did he go around to the bookies with the distributor's men?

Mr. KELLY. All I can say, he didn't do it for Continental Press.

Mr. HALLEY. It was no part of his job with Continental?

Mr. KELLY. No, sir; none whatsoever.

Mr. HALLEY. What were the circumstances which led to his being given the Midwest?

Mr. KELLY. He bought it out, bought Midwest. He went in business with Farrell and Frestel.

Mr. HALLEY. What did he pay?

Mr. KELLY. I believe it was fifteen, eighteen, or twenty thousand dollars, something around there.

Mr. HALLEY. Then, he negotiated a rate of four thousand dollars a week, was it, for the racing service?

Mr. KELLY. I believe that is what it was, yes. He negotiated that with George, yes.

Mr. HALLEY. Is it your position that that compares properly with the \$750 a week that was paid by R. & H. and is still being paid by R. & H.?

Mr. KELLY. I don't know how many customers Scanlan has. I don't know how many customers R. & H. has. But, I told the investigators, I will tell you, I will tell everybody in this room, that any money that you can get out of Chicago, you are better off getting it than cutting anybody off, because news is very, very easy to sell. It is very easy to get.

Mr. HALLEY. The fact is, R. & H. once did steal it?

Mr. KELLY. I think Scanlan is a darn fool for paying \$4,000 for it.

Mr. HALLEY. Why?

Mr. KELLY. R. & H. or Midwest can get news very, very cheap.

Mr. HALLEY. How can they do that?

Mr. KELLY. Well, Mr. Halley, supposing you go into Midwest, pay them \$40 a week for the news. That is the news. That is all that you need. You get it for \$40. What else do you get? What can Illinois News give you?

Mr. HALLEY. Give it to you if they find out you are selling to a hundred-odd bookies?

Mr. KELLY. Suppose that you send three fellows in.

Mr. HALLEY. You mean steal it through various books; is that right?

Mr. KELLY. That is right. You send three fellows in. If an investigator comes to the first book, you shift to the second.

Mr. HALLEY. And R. & H. has the power to do that?

Mr. KELLY. Everybody in Chicago has the power.

Mr. HALLEY. Why did Scanlan pay \$4,000 a week if he can steal it?

Mr. KELLY. I think he is paying it because he is satisfied. His business is all right. I think the man is satisfied with the way that it is.

Mr. HALLEY. When Trans-American wound up, was there any discussion between Continental and Trans-American?

Mr. KELLY. Discussions between Trans-American and Continental? Meaning who? Tom Kelly and Ralph O'Hara?

Mr. HALLEY. Yes, or anyone else.

Mr. KELLY. I never talked about Trans-American to Ralph O'Hara, and don't even know him.

Mr. HALLEY. How did you find out they were folding?

Mr. KELLY. I read it in the newspapers. Wait a minute.

Eddie Lenz, I believe, heard it from Partnoy, a couple of days before they were going to fold. That is the first inkling that we got of it. Then, in June, the 13th or the 14th, of 1947, I believe, the Chicago Daily Sun printed a picture of him on the front page with his books.

That is when they went out of business.

Mr. HALLEY. Were there any deals made whereby they would go out?

Mr. KELLY. Any deal made?

Mr. HALLEY. Yes.

Mr. KELLY. If there was any deal made with Trans-American, Mr. Halley, Tom Kelly wouldn't be in this business.

Mr. HALLEY. I think you said you were about to fold up when you heard they had?

Mr. KELLY. That is right.

Mr. HALLEY. The competition was pretty stiff?

Mr. KELLY. The competition was very, very bad; very bad.

Mr. HALLEY. And was there any bloodshed?

Mr. KELLY. None whatsoever.

Mr. HALLEY. None except the murder of Ragen?

Mr. KELLY. That is right, sir.

Mr. HALLEY. Of course there was some?

Mr. KELLY. Beg pardon?

Mr. HALLEY. That was one item not to be ignored?

Mr. DEMPSEY. Well, he has had nothing to do with this so far as anybody has been able to prove, Mr. Halley.

Mr. HALLEY. Ragen made a statement in which he said he expected to be killed as a result of the strife.

Mr. DEMPSEY. Well, I say that the police have not found, or you, or anyone else who attempted to investigate it, who killed Ragen.

The CHAIRMAN. Mr. Dempsey, I think we all understand it.

Mr. DEMPSEY. Why does Mr. Halley keep repeating it?

The CHAIRMAN. We have to draw different inferences from the facts. The facts may support one inference from you, one from Mr. Halley, and another from myself.

Mr. HALLEY. In any event, the question is, What was the inducement to the people running Trans-American and the people running R. & H. to go out of business during July of 1947 and stop competing with Continental Press?

Mr. KELLY. What inducements the Continental Press made to them to go out of business?

Mr. HALLEY. Yes.

Mr. KELLY. None whatsoever.

Mr. HALLEY. Did the fact they went out of business voluntarily have anything to do with R. & H. getting a rate of \$750 a week?

Mr. KELLY. None whatsoever.

Mr. HALLEY. For service?

Mr. KELLY. None whatsoever.

Mr. HALLEY. Did the fact that they went out of business have anything to do with Kansas City, Harmony, getting a rate of \$100 a week for its service?

Mr. KELLY. None whatsoever.

Mr. HALLEY. Did the fact—

Mr. GALLAGHER. I would like to interject at that point that the question that has perplexed us at all times, and maybe you have got the answer to that, is that in connection with the talk such as Peterson's statement and the California Crime Commission statement back in 1947, that the Capone Syndicate had gotten control of Continental, and now your line of questioning leading to the point was there a deal or wasn't there, which Mr. Kelly denies. The \$64 question, I think, is that if there was a deal and it had been alleged by the committee, or at least reported in the newspapers to that effect, that R. & H. was the backbone of Trans-American, why is it that Trans-American goes without news from June until almost October 1947, and has to steal it?

It just does not add up. R. & H. should have been on the wire in June. If there was a deal how do you answer that question?

Mr. HALLEY. You will have to answer that question.

Mr. GALLAGHER. I will. I say it shows there was no deal.

Mr. KELLY. I would like to put this in the record, if there was a deal with anybody, would the Illinois Sports News accept a check from R. & H. Publishing Co., putting it right in the record, to have any Government man come in and say, "You left this open. Here is your deal."

Mr. HALLEY. Well, it would be the only way to do it, or you would be subject to income tax violation, if you did not.

Mr. KELLY. Any deal I make, or any deals that are made, have been in cash since the war.

Mr. HALLEY. Was there any part of a deal that after they went out of business, Trans-American went out of business voluntarily, two of their three officers went on to the payroll of Continental or Continental distributors?

Mr. KELLY. Two or three of their officers never went on Continental.

Mr. HALLEY. Two out of three.

Mr. KELLY. Never went on Continental.

Mr. HALLEY. Yes, Andrew Burns and Pat Burns.

Mr. KELLY. Are on Continental?

Mr. HALLEY. Yes.

Mr. KELLY. I disagree with you.

The CHAIRMAN. He said Continental or their subsidiary, or anyway, it is Midwest.

Mr. KELLY. Well, they probably went on Illinois, they never went on Continental.

Mr. HALLEY. Was that any part of a deal?

Mr. KELLY. No, sir, it was not.

Mr. HALLEY. Was it any part of a deal that R. & H., together with its then partners, Katz, Jones and Levin, were able to obtain service from Continental at a rate of \$750 a week?

Mr. KELLY. I will answer that this way: There has never been a deal made with Trans-American; there never will be a deal made with them people; and the day there has to be a deal made with them people, Tom Kelly will not be in the business.

And another thing is this: I don't know Ray Jones. I don't know Ralph O'Hara. I don't know Hymie Levin. And in order to make a deal with them people I would have to know them.

I am under oath here, and I say that I don't know these people. I made no deal with them, and I never will make a deal with them.

Mr. HALLEY. Was it any part of a deal with Trans-American that Butsy O'Brien would turn off the wire service to the S. & G. Syndicate?

Mr. DEMPSEY. I wonder if this hasn't been pursued far enough, Senator? Mr. Kelly has sworn there was no deal, and these questions are just attempts to reargue the matter.

The CHAIRMAN. A deal with anybody about turning off the wire service?

Mr. KELLY. No; there has not been. In fact, I wouldn't make a deal with anybody, Senator, with Eddie McBride's business. If I had my own business I could do what I want with it, but I would never make a deal with anybody with Eddie McBride's business, or anybody else who had as much trust in me as Eddie McBride has.

Mr. HALLEY. We understand you.

There are no other questions.

Do you have any, Mr. Robinson?

Mr. ROBINSON. No.

The CHAIRMAN. Then I want to ask a question. What is this \$10,000 that was sent to Florida, what was that for?

Mr. KELLY. Who sent it Senator, and maybe I can tell you?

The CHAIRMAN. Mr. Hilton.

Mr. KELLY. Mr. Hilton?

The CHAIRMAN. Yes.

Mr. KELLY. As funny as this seems, I didn't know about that until 4 or 5 days after it was sent.

The CHAIRMAN. What was it sent for?

Mr. KELLY. It was sent for some litigation going on in Florida at the request of Vincent Giblon in Miami.

The CHAIRMAN. I think we are not quite sure about it, but I think the facts may be that you were not doing business in Florida at the time the check was sent?

Mr. KELLY. No, sir, Senator; but back in 1943, I believe it was Russell Brophy got in trouble out in California. He had some case out there where—Mr. Gallagher, will you talk about that Brophy case?

The CHAIRMAN. Well, let's talk about Florida right now.

Mr. KELLY. I am leading up to that Senator, where one of our distributors was having—Brophy was our distributor in California, and in order to stop a law from being passed there against our distributor, Continental Press had hired a lawyer out there to help fight this case.

Now, in this case in Florida, this is the same situation.

The CHAIRMAN. In other words, you sent money down to fight a Florida law that was being proposed?

Mr. KELLY. It was passed at that time.

The CHAIRMAN. Anyway it was a question of constitutionality, or something.

Mr. KELLY. That is right.

The CHAIRMAN. And the suit was brought on behalf of the Howard Publishing Co.? I mean, Continental Press was not a party to the suit?

MR. KELLY. It was brought on by one of the customers of Continental Press.

THE CHAIRMAN. But you paid the legal bill.

MR. KELLY. We paid part of it probably, Senator. I don't know what the total bill was.

THE CHAIRMAN. Anyway, you paid \$10,000.

MR. KELLY. That is right.

THE CHAIRMAN. And you paid the legal bill in the case of Brophy when some law was proposed in California and also passed?

MR. KELLY. That is right, sir.

MR. GALLAGHER. If I may correct you, Senator, no law was passed. There was a case out there in which Brophy was involved, and the appellate court said you could sell news to a bookmaker and not violate the law.

THE CHAIRMAN. Anyway, after they got an injunction against Brophy, the matter was questioned, and that brought up the case. But Brophy was not a customer of Continental, a customer of a distributor of Continental.

MR. GALLAGHER. No, not at that time.

MR. KELLY. I believe he was a customer of Tony Gordon at that time, around that time. I believe so.

THE CHAIRMAN. All right. I believe that is all, Mr. Kelly.

MR. ROBINSON. Mr. Kelly, did you have an office where you ran a check on R. & H.? On how R. & H. was stealing the news?

MR. KELLY. Did I have an office where I run a check on how R. & H. got the news?

MR. ROBINSON. Yes.

MR. KELLY. I believe they did under Ragen. I believe Ragen had a couple of offices around the city where they were checking where R. & H. was getting the news.

MR. ROBINSON. Wasn't that right above where Mr. Ragen's office was?

MR. KELLY. One of them was above; yes, sir.

MR. ROBINSON. Did you have an employee there named Raymond Schmeek who operated that room?

MR. KELLY. I believe you are right, sir. I believe there was a Schmeek.

MR. ROBINSON. And that was run for quite a period of time, wasn't it?

MR. KELLY. I believe what happened, sir, was this—I am not quite sure, but I will take a guess if that is what you want. I am not sure, but I think Ragen tapped Hymie Levin's line to find out what type news he was getting and find out where he was stealing our news. In other words, he had to listen to Hymie's and listen to his own to find out which news he was getting.

MR. ROBINSON. Do you know Al Stanley Kahn?

MR. KELLY. Yes, sir, I do; very, very well.

MR. ROBINSON. Is he employed by Continental?

MR. KELLY. Yes, sir, he is; Continental Press.

MR. ROBINSON. What is his salary?

MR. KELLY. I believe he gets about \$350 a week.

MR. ROBINSON. What does he do?

MR. KELLY. Well, will I say a good-will ambassador?

Mr. ROBINSON. Can you break that down a little more?

Mr. KELLY. I would answer it this way, that he is a hold-over from the Ragen organization and we still pay him.

Mr. ROBINSON. Where is he located?

Mr. KELLY. In New York City, N. Y.

Mr. ROBINSON. Do you have an office there?

Mr. KELLY. Yes, we do, in New York.

Mr. ROBINSON. Is Mr. Kahn in charge of that office?

Mr. KELLY. That is right, sir.

Mr. ROBINSON. Does he report directly to you?

Mr. KELLY. Yes. I hear from him about twice a year.

Mr. ROBINSON. What does he report?

Mr. KELLY. Well, I think the last time I talked to him he talked about the Yankee ball club.

Mr. ROBINSON. For that he gets \$350 a week?

Mr. KELLY. That is right.

Mr. ROBINSON. That is all.

Mr. GALLAGHER. May I add at that point, isn't it true that Mr. Kahn has been the former head of the Racing Form and has been experienced in this Racing Form business for about 20, 25 years?

Mr. KELLY. That's right, sir; he is a very capable man.

Mr. HALLEY. I——

The CHAIRMAN. Anything else, any other questions you want to ask?

Mr. KELLY. Yes, I would like to put something in the record. Mr. Halley asked me what I made last year. He didn't ask me what I kept.

The CHAIRMAN. Well, you can put that in if you want to, sir.

Mr. KELLY. I think I got 15 percent of Continental Press, which amounted to over \$100,000. Well, 75 percent of it Uncle Sam got.

The CHAIRMAN. Yes. [Laughter.] Well, we all know the tax law is pretty rough.

Mr. KELLY. That's right.

The CHAIRMAN. All right, thank you, Mr. Kelly.

Mr. KELLY. So don't be trying to come around, trying to borrow anything. I haven't got anything.

(Witness excused.)

Mr. HALLEY. They can be excused, Mr. Gallagher.

Mr. GALLAGHER. There is only one point I would like to make for the record if that is the situation. That is simply this. I realize that in connection with an organization such as Howard, as the Senator says, each side can draw different inferences. Sure, the inference in that sort of a situation is that it is a dummy corporation.

The CHAIRMAN. Just a minute. Let the committee be in order, please.

Mr. GALLAGHER. I would merely like to say that if that is a dummy corporation or if any of the other distributors, wherein most of what they earn is sent to Continental Press and they don't have what you could term a flat rate, are dummy corporations, then Continental Press has been very foolish, because for the last 6 years, and particularly talking about the present time since McBride's ownership in 1947, they have collected two excise taxes for Uncle Sam, a total

of 16 percent on the money which is received originally from the customers that would go to Howard. Now, if Howard is just a dummy corporation, a front, you could still hold it forth to the public as a phony, but to Uncle Sam you'd say, "Well, it isn't phony," and there would only be one tax collector. That amounts to several hundreds of thousands of dollars just since 1947, so we suggest that that is a fairly good answer to the fact that Howard is not a dummy corporation regardless of the fact that what the owner of the corporation gets out of it doesn't seem to be too much.

The CHAIRMAN. Well, Mr. Gallagher, on the other hand, though, if all of the money that Howard got came directly into Continental, Continental's tax rate would put them in a higher bracket.

Mr. GALLAGHER. Well, certainly, but there still would be a saving and this has been going on since 1944.

The CHAIRMAN. It is just like dividing income between the members of the family, that reduces the income for each member for tax.

Mr. DEMPSEY. That is not quite the point.

The CHAIRMAN. Sorry, I don't think that is the point Mr. Gallagher is making.

Mr. DEMPSEY. There wouldn't be any difference in income. These people are on a salary, they would still get the salary and the same amount of money.

Mr. HALLEY. You may remember this is one of the subjects we went into quite exhaustively in the closed session.

Mr. GALLAGHER. I don't recollect that we went into that.

Mr. HALLEY. It seems to me at that meeting you did make the point that legal advice had been given to Continental to take the top company and by legal devices separate it as far as possible from the bookmakers, and that the various distributing companies had been set up to act as independent companies for that purpose so that Continental could honestly say that it sold only to people who did not deal at all with bookmakers.

Mr. GALLAGHER. But it has been a very expensive operation, is all we are saying, that these few spots are dummy corporations, dummy operators.

Mr. HALLEY. I think the point has been made that the expense is justified by the necessity for the legal precautions.

Mr. DEMPSEY. The point was made that every single one that could be knocked out was knocked out in order to save that tax, so that while the people who were knocked out might have been construed to be dummies because they were middlemen between the present distributors and Continental, the ones remaining are not dummies and it couldn't be pared down any further than to save tax.

The CHAIRMAN. All right. I think that is very full in the record. Thank you.

Mr. GALLAGHER. Thank you.

Mr. DEMPSEY. Thank you, Senator.

The CHAIRMAN. It is now 6:30, we will recess and come back at 8 o'clock for about 2 hours tonight.

(Thereupon, the committee recessed until 8 p. m. the same day.)

EVENING SESSION

The CHAIRMAN. The committee will come to order.

Call your first witness.

Mr. HALLEY. I will call Theodore Roe.

The CHAIRMAN. Mr. Roe, will you raise your right hand and be sworn, please? Do you solemnly swear that the testimony you will give this committee will be truth, the whole truth, and nothing but the truth, so help you God?

Mr. ROE. I do.

TESTIMONY OF THEODORE ROE, CHICAGO, ILL., ACCOMPANIED BY
EDWARD J. HESS, ATTORNEY, CHICAGO, ILL.

The CHAIRMAN. How do you do, sir?

Mr. HESS. I am Edward J. Hess—still.

The CHAIRMAN. Yes, I remember you.

Mr. HESS. I was here before.

The CHAIRMAN. Yes, sir.

All right, let's proceed.

Mr. ROBINSON. Will you state your full name, please, for the record?

Mr. ROE. My name is Theodore Roe.

Mr. ROBINSON. Where do you live, Mr. Roe?

Mr. ROE. I live at 5239 Michigan Avenue.

Mr. ROBINSON. Do you have a business address, Mr. Roe?

Mr. ROE. Well, we had a business address that we used to use for a business address.

Mr. ROBINSON. And what business are you in, Mr. Roe?

Mr. ROE. Well, I have been operating a policy wheel.

Mr. ROBINSON. And does that wheel have a name?

Mr. ROE. Yes.

Mr. ROBINSON. What is the present name of the wheel?

Mr. ROE. Well, it is Maine, Idaho, and Ohio.

Mr. ROBINSON. Has that always been the name?

Mr. ROE. Well, since I have had a partnership.

Mr. ROBINSON. You are not the sole owner of the wheel?

Mr. ROE. No; that is right.

Mr. ROBINSON. Do you have partners in that enterprise?

Mr. ROE. Yes.

Mr. ROBINSON. Who are your partners in the Maine-Idaho-Ohio wheel?

Mr. ROE. Davis, Edward Jones, and George Jones, and their mother, Mary Jones.

Mr. ROBINSON. How long have you been a partner in that wheel?

Mr. ROE. Well, since that wheel has been started. I think it must have been running 7 or 8 years now, maybe a little longer.

Mr. ROBINSON. You were not always a partner in the wheel, were you?

Mr. ROE. Before I wasn't on the other wheel.

Mr. ROBINSON. Were you an employee?

Mr. ROE. That is right.

Mr. ROBINSON. At the time you were an employee who were the owners?

Mr. ROE. The Jones brothers.

Mr. ROBINSON. And would you name them, please?

Mr. ROE. Edward Jones and McKissick Jones and George Jones.

Mr. ROBINSON. Where does the business operate, Mr. Roe? Where do you conduct your operations, where is the policy business that you are interested in operating? Is it in Chicago?

Mr. ROE. Yes, in Chicago.

Mr. ROBINSON. What part of Chicago?

Mr. ROE. Well, we say—we even had some on the West Side and mostly on the South Side that include the colored belt.

Mr. ROBINSON. In other words, most of your operations is in the district that is inhabited by the colored people?

Mr. ROE. That is right.

Mr. ROBINSON. Do you employ any people in that business?

Mr. ROE. Yes, we do.

Mr. ROBINSON. How many people do you employ?

Mr. ROE. I think—it is around 70.

Mr. ROBINSON. Around—

Mr. ROE. Seventy-four, I believe, to be exact. I believe it is pretty close to 74.

Mr. ROBINSON. And do you have any name for these particular employees?

Mr. ROE. Yes, sir.

Mr. ROBINSON. What are they called?

Mr. ROE. Some are called checkers, cashiers, and pick-up men.

Mr. ROBINSON. Now, what is a station?

Mr. ROE. A station is a place that—where the different books are wrote, maybe, say, several different books that they write, and all that constitutes a station.

Mr. ROBINSON. Is that a place where a person comes who wants to place a bet on the policy?

Mr. ROE. That's right.

Mr. ROBINSON. And is it also a place where the writers or the pick-up people come?

Mr. ROE. It is where the pick-up men pick up; yes.

Mr. ROBINSON. Now, how many people are employed, to your knowledge, in the operation of these stations?

Mr. ROE. I couldn't estimate. I wouldn't—I haven't been given that authority. I wouldn't know.

Mr. ROBINSON. None of the people in the station are employees of your company, are they?

Mr. ROE. No, any more than some that we—two or three that we may be connected with.

Mr. ROBINSON. That is what I was getting at. Does the company, the Idaho-Maine, own some of these stations, so to speak?

Mr. ROE. No, the Maine doesn't own any. But there are people like my wife and Ed Jones' wife have the station. That is a small place.

Mr. ROBINSON. Is that station restricted, in the sense of betting, to betting on your policy wheel?

Mr. ROE. All of them that operate, not just mine only.

Mr. ROBINSON. In other words, they can come into a station and bet on any kind of a wheel?

Mr. ROE. That is right.

Mr. ROBINSON. And it has some similarity to a horse book, where you can come in and bet on any horse you want or any race you want?

Mr. ROE. That is right.

Mr. ROBINSON. At any track?

Mr. ROE. Correct.

Mr. ROBINSON. What is the method of payment to your employees? Are they on a straight salary basis or do they operate on a commission basis?

Mr. ROE. All operate on a straight salary.

Mr. ROBINSON. What is the salary? Does it vary?

Mr. ROE. It varies.

Mr. ROBINSON. What is the low and the high?

Mr. ROE. Say from \$36 up to, oh, \$100 a week. Thirty-six dollars or thirty-eight dollars—that may be a little low—say \$40 to \$100 to \$110.

Mr. ROBINSON. Do they get any expenses?

Mr. ROE. Yes; some get expenses for transportation.

Mr. ROBINSON. Are you speaking of the pick-up men?

Mr. ROE. No; cashiers.

Mr. ROBINSON. The cashiers?

Mr. ROE. Yes.

Mr. ROBINSON. That is one class of employees?

Mr. ROE. That is right.

Mr. ROBINSON. What about the pick-up man?

Mr. ROE. They are on a straight salary.

Mr. ROBINSON. What is their salary?

Mr. ROE. Their salary is \$60 a week.

Mr. ROBINSON. Do they get expenses?

Mr. ROE. No.

Mr. ROBINSON. These are the two classes of employees that you have?

Mr. ROE. That is right.

Mr. ROBINSON. Do you have any others that are strictly employees?

Mr. ROE. Nothing but checkers.

Mr. ROBINSON. Checkers?

Mr. ROE. Yes.

Mr. ROBINSON. What do the checkers make?

Mr. ROE. Well, some checkers, they double up. Some check for part of the time, and then they are moved over to another place to check off hit slips. And they get more. Some checkers, where they are paid only \$42, \$43, or \$45 a week, they only check. The ones that look up the hit slips, they make more, maybe \$45, \$50, and some as high as \$60.

Mr. ROBINSON. Are the people that we are talking about included in the 60 or 70 people that your company, Idaho-Maine, employs?

Mr. ROE. That is right.

Mr. ROBINSON. You have no other employees?

Mr. ROE. I have some more, three or four more trusted help, that make more money, that make maybe \$85.

Mr. ROBINSON. What are they called?

Mr. ROE. They are in charge. We have what we call three offices, and in each one, each one is in charge of one of these offices.

Mr. ROBINSON. And what do they make?

Mr. ROE. Well, \$85 or \$90 a week.

Mr. ROBINSON. Are they sort of managers of the office?

Mr. ROE. They are strictly the overseers. They are the boss of that office.

Mr. ROBINSON. And what function do they perform?

Mr. ROE. Well, they see that everything is taken care of right, and they handle those books and bring them to and fro.

Mr. ROBINSON. Now, what is the average—rather, what is the amount of the play on your wheel; what was the amount of the play on your policy wheel last year?

Mr. ROE. Well, I don't know.

Mr. ROBINSON. A rough approximation, would you say somewhere—

Mr. ROE. It was up and down, and I wouldn't know. I guess seven thousand to ten thousand, and like that.

Mr. ROBINSON. What do you mean, a day?

Mr. ROE. Drawing, twice a day.

Mr. ROBINSON. No; I mean on an annual basis.

The CHAIRMAN. Let him get it on a daily basis.

Mr. ROBINSON. Would you say that the annual play, annual ends on your wheel approximate five and one-half or six million dollars a year?

Mr. ROE. I couldn't estimate it for the year; I could just mostly give it to you about speaking of last year. It would average more than what I said there last year, because it is better than this year. I guess it was more than \$12,000, around \$12,000 a drawing, I think, last year.

Mr. ROBINSON. \$12,000 a drawing?

Mr. ROE. \$12,000 a drawing; yes, sir.

Mr. ROBINSON. You have how many drawings a day?

Mr. ROE. Two.

Mr. ROBINSON. So you would run up to about \$24,000 or \$25,000 a day in the drawing?

Mr. ROE. Yes. Well, we would say about.

Mr. ROBINSON. Now are we speaking about the same thing, that would be the amount of play a day on the wheel?

Mr. ROE. That is right.

Mr. ROBINSON. These are some of the things I think we covered before. Mr. Roe, what do you estimate to be the average number of people in the South Side who play the policy wheel?

Mr. ROE. Well, I answered that question before. I recall what I said. I might have been a little high on that because there is a lot of church people that don't play. I stated about 75 percent. I don't think it was that high.

Mr. ROBINSON. I don't want to pin you down to it specifically. Would you say roughly between 60 and 75 percent?

Mr. ROE. I would say probably 60 percent of the people play.

Mr. ROBINSON. Sixty percent?

Mr. ROE. Yes.

Mr. ROBINSON. How many wheels are there that operate on the South Side?

Mr. ROE. I don't know.

Mr. ROBINSON. Well, could you give an approximate number?

Mr. ROE. Well, no, because some starts up and they will run for 3 or 4 months, and they will close up. There are a lot of little wheels and wildcatters, so I don't know how many.

Mr. ROBINSON. How many wheels are there of a comparative size to yours that are operating?

Mr. ROE. Well, I would say six or seven.

Mr. ROBINSON. Six or seven?

Mr. ROE. Something like that, in the neighborhood.

Mr. ROBINSON. Would they have the same amount of play or fairly close to it?

Mr. ROE. I wouldn't know what they handled, because I don't know their business.

Mr. ROBINSON. Well, from your experience in the business, would you say that they are fairly close in size to your operation?

Mr. ROE. Well, I would say that they are pretty fairly close, some of them.

Mr. ROBINSON. How large would the others be on a comparative basis?

Mr. ROE. Well, I couldn't answer that, because I wouldn't know. That would be too much question for me to answer.

Mr. ROBINSON. Would you say that there were between 20 and 30 wheels that have operated during the past year in the South Side? Would that be a fair guess?

Mr. ROE. Well, I wouldn't know, in keeping it up, because some would start; they have been operating with a small bank roll; and some go broke, you know. Some pick up and start a policy wheel and soon get busted.

Mr. ROBINSON. There are some, though, that have been able to maintain themselves?

Mr. ROE. Yes; some has been.

Mr. ROBINSON. Probably not as large as yours or these six or seven others; isn't that true?

Mr. ROE. That is right.

Mr. ROBINSON. And would you say that the number that have been able to maintain themselves would run around 20 or 22?

Mr. ROE. That amount of wheels? But some of them are very small. I wouldn't say it was that high, though. I wouldn't estimate that it was over about 15 or 16.

Mr. ROBINSON. Fifteen or sixteen. What do you call a small wheel?

Mr. ROE. A wheel that pays a very small take.

Mr. ROBINSON. Can you help us on that? What would be a very small take?

Mr. ROE. Some wheels, I imagine, from my observation of policy, might not take over \$150 a drawing, and then they will still try to stay in business.

Mr. ROBINSON. I see. Now, have you ever heard of the Roman Silver Co.?

Mr. ROE. I have often heard of the Roman Silver.

Mr. ROBINSON. Do you know who operates that wheel?

Mr. ROE. Well, it was commonly said, Tremont.

Mr. ROBINSON. Is he the sole operator of it?

Mr. ROE. I wouldn't know.

Mr. ROBINSON. Have you also heard it mentioned commonly that Peter Tremont has some interest in that wheel?

Mr. ROE. That is the wheel you are talking about, isn't it.

Mr. ROBINSON. Pat Manno.

Mr. ROE. No; I don't.

Mr. ROBINSON. You have heard his name mentioned in connection with that wheel?

Mr. ROE. Ah, the times I ever heard it mentioned, I heard Pat Manno worked for Tremont.

Mr. ROBINSON. Now, have you heard of a company called the Erie-Buffalo?

Mr. ROE. Yes; I have.

Mr. ROBINSON. Who owns that wheel, to the best of your knowledge?

Mr. ROE. To the best of my knowledge—one time I was pretty friendly with Julius Benvenuti, and Caesar. I knew Caesar, but I was pretty friendly with Julius. I heard of Leo, but I never met Leo.

Mr. ROBINSON. Were they in business quite some time?

Mr. ROE. A long time.

Mr. ROBINSON. Weren't they about one of the oldest companies, along with the Jones brothers?

Mr. ROE. Older, according to my knowledge.

Mr. ROBINSON. And is that wheel about the same size as your wheel?

Mr. ROE. I imagine it is around the same neighborhood. I don't know exactly.

Mr. ROBINSON. Would you say it was bigger?

Mr. ROE. I imagine some of those wheels at one time were up pretty big, and then lots of times lost off and were not quite as large.

Mr. ROBINSON. Would you say in the past year that the operation of the Erie-Buffalo was about the same as yours so far as the amount of play is concerned?

Mr. ROE. I don't think it was as large. I don't think. I don't know.

Mr. ROBINSON. Julius is dead, isn't he?

Mr. ROE. Yes; Julius is dead.

Mr. ROBINSON. And are Caesar and Leo still operating that wheel; do you know?

Mr. ROE. I don't know anything about their business.

Mr. ROBINSON. Have you heard that they had taken on any other partners in that wheel?

Mr. ROE. Nothing but what I read in the newspapers.

Mr. ROBINSON. Have you heard, apart from what you have read in the newspaper, that Sam Partnoy and Tom Manno have an interest in that wheel?

Mr. ROE. No; I have not.

Mr. ROBINSON. You have never heard that?

Mr. ROE. No.

Mr. ROBINSON. Have you ever been at that wheel?

Mr. ROE. Never have.

Mr. ROBINSON. To watch its operation?

Mr. ROE. Never have been there.

Mr. ROBINSON. And to your knowledge the Benvenutis still operate and own that wheel?

Mr. ROE. Until I came before this committee, when I heard the first information about it.

Mr. ROBINSON. Who operates the East-West-North-and-South wheel?

Mr. ROE. That is always known to me as Julian Black, and later on——

Mr. ROBINSON. Julian Black?

Mr. ROE. Julian; yes.

Mr. ROBINSON. And how large a wheel is that?

Mr. ROE. Well, I don't know. One time it was pretty large, and then again it went down pretty small.

Mr. ROBINSON. Do they fluctuate quite a bit up and down?

Mr. ROE. That is right.

Mr. ROBINSON. Now, who owns the Jackpot-Whirlaway-Alabama-Georgia wheel?

Mr. ROE. That was Matthews Bivens.

Mr. ROBINSON. Is that a good-sized wheel?

Mr. ROE. Well, I guess it was pretty fair one time. He is almost always gone. He is sick.

Mr. ROBINSON. Who owns the Iowa-Wisconsin-Birmingham-Memphis-and-Royal Palm?

Mr. ROE. Well, that used to be operated by Little Jack. I don't know who was actually the owners in there. Whether Jim Knight was in there or not. But Little Jack, they called him—Jack Jackson—they are not in operation any more.

Mr. ROBINSON. They are out of business. Do you know when they went out of business?

Mr. ROE. Five or six months ago.

Mr. ROBINSON. Do you know who owns the Black and White Streamline?

Mr. ROE. Yes, that was Ed White.

Mr. ROBINSON. How large an operation is that?

Mr. ROE. I don't know much about his wheel. I don't know, I think it is a small wheel, though.

Mr. ROBINSON. Is it still in operation?

Mr. ROE. To the best of my knowledge.

Mr. ROBINSON. So far as you know?

Mr. ROE. To the best of my knowledge.

Mr. ROBINSON. What wheel does Earl White operate?

Mr. ROE. I am trying to think of the name. I can't remember those names, sir.

Mr. ROBINSON. Is that the Calcutta-Green Dragon?

Mr. ROE. That is right, that is the one I understand he owns.

The CHAIRMAN. Mr. Robinson, will you indulge the committee for about a 3-minute recess? I have a very important call. We will be in recess for 3 minutes.

(A brief recess was taken.)

The CHAIRMAN. All right, let's go.

Is this Theodore Roe?

Mr. HESS. Theodore Roe.

The CHAIRMAN. I thought he had some other initials.

Mr. HESS. No.

The CHAIRMAN. I thought it was Edward J.

Mr. HESS. Edward J. are my initials.

The CHAIRMAN. Edward J. Hess, that is right.

Mr. HESS. Yes. If you want me to change places with you, Senator, I will.

The CHAIRMAN. Stay right where you are. You are a good man. Go ahead, Mr. Robinson.

Mr. ROBINSON. Mr. Roe, try and keep your voice up as much as you can.

Mr. ROE. I will.

Mr. ROBINSON. Thank you. You have been around Earl White? You have been talking about Earl White's wheel?

Mr. ROE. Yes.

Mr. ROBINSON. Now, does Charles Farrell operate a wheel?

Mr. ROE. Yes.

Mr. ROBINSON. Now, you say Charles Farrell operates a wheel?

Mr. ROE. I also understood he did.

Mr. ROBINSON. Is the name of that the Black Gold and the Gold Shore?

Mr. ROE. That is right, I think it is.

Mr. ROBINSON. Do you know how large an operation he has?

Mr. ROE. I think it is very small.

Mr. ROBINSON. Small?

Mr. ROE. Yes.

Mr. ROBINSON. How about Charles Jennings?

Mr. ROE. Well, I think Charles Jennings is a partner of his.

Mr. ROBINSON. Does he operate the Nebraska - Omaha - Atomic wheel?

Mr. ROE. That is right.

Mr. ROBINSON. Is that a large wheel?

Mr. ROE. It is very small.

Mr. ROBINSON. How about the Lucky Strike-Lake Michigan-Greyhound wheel?

Mr. ROE. I always understood that a man by the name of John Woody had that.

Mr. ROBINSON. Does a man by the name of Percy Collins have anything to do with that?

Mr. ROE. I used to understand they were partners. I don't think any more.

Mr. ROBINSON. Is that a large wheel?

Mr. ROE. Very small.

Mr. ROBINSON. How about Johnny White, does he have a wheel?

Mr. ROE. He used to, and I guess he has. I haven't seen John in 4 or 5 years.

Mr. ROBINSON. And Spruce Johnson?

Mr. ROE. I commonly heard his name called, also, with a very small wheel.

Mr. ROBINSON. And do you remember the name of the wheel? Is it Champion and Darby?

Mr. ROE. Yes, sir; that was, but it's out of operation, I think.

Mr. ROBINSON. Now, how about Johnny Runnell's? Does he have a wheel?

Mr. ROE. Not to my knowledge.

Mr. ROBINSON. Is that a large wheel? You don't know him, you say?

Mr. ROE. I don't know him.

Mr. ROBINSON. You know nothing of his operation?

Mr. ROE. No.

Mr. ROBINSON. Mrs. Buddy Coleman?

Mr. ROE. Yes; I understand she—I know she has had a wheel, too.

Mr. ROBINSON. The Old Reliable and Belmont?

Mr. ROE. That's right.

Mr. ROBINSON. What is the significance of the several names to a wheel? What do they mean?

Mr. ROE. Well, the different names you have reference to?

Mr. ROBINSON. Yes.

Mr. ROE. One to separate from the other.

Mr. ROBINSON. Well, the names for the different drawings?

Mr. ROE. Well, you make that more plainly to me. I don't understand you.

Mr. ROBINSON. I wondered why all the names to a particular wheel. What do they mean? Do they have any particular significance?

Mr. ROE. Well, just a name.

Mr. ROBINSON. I see. Would you, as briefly as you can, describe to the committee how a wheel operates?

Mr. ROE. Well, well—how a wheel operates is—there are 78 numbers, and where they have a double book, there are 12 numbers drawn from the 78, and they are counted back in and 78 is drawn again. Then where they pull only 12 numbers which pays double, they only draw 12 numbers out. Then there are some wheels that has a six-number row that pays long odds and then there is some that has a five-numbered row that pays still larger odds.

Mr. ROBINSON. Now, that is the drawing operation?

Mr. ROE. That is right.

Mr. ROBINSON. Now, what are the mechanics by which bets are made on a particular drawing? Well, what do you do, put all these numbers in a wheel and spin the wheel and draw out the numbers?

Mr. ROE. That is right. They are counted in, in front of the people.

Mr. ROBINSON. I see. How do they make a bet? How is the money bet on the wheel?

Mr. ROE. Well, some writers go from door to door and people play on their book, and they have someplace they turn their books in, and then there is stations where they go in stations and play.

Mr. ROBINSON. You mean somebody will come around? Let's assume that I am a player and want to make a bet on a wheel. Would one of these pick-up men come to me?

Mr. ROE. No; it wouldn't be a pick-up man. Say I was a writer that wrote a book; I would come and take your play and maybe go next door and take somebody else's play.

Mr. ROBINSON. Suppose I give you 25 cents to make a bet. Does the writer put it in a book?

Mr. ROE. He writes it in a book and gives you a ticket for it.

Mr. ROBINSON. What does he do after he has circulated around his area? Where does he take the book?

Mr. ROE. He has some place he takes it, maybe a flat someplace, and turns it in, and after the drawings——

Mr. ROBINSON. To whom does he turn it in?

Mr. ROE. He turns it in there to the cashier of the wheel, that works for the wheel.

Mr. ROBINSON. One of your employees?

Mr. ROE. One of my employees.

Mr. ROBINSON. That is one method of making the bet on the wheel?

Mr. ROE. That is right.

Mr. ROBINSON. Is there another method by which you can make a bet on the wheel?

Mr. ROE. Well, by playing in a station.

Mr. ROBINSON. In other words, nobody else picks your money up. You go to some particular place and put your bet in there?

Mr. ROE. That is right.

Mr. ROBINSON. And then they make a notation of it and give you a ticket?

Mr. ROE. Give you a ticket; yes.

Mr. ROBINSON. And at some time during the day, then, you have a drawing on that particular play?

Mr. ROE. That is right.

Mr. ROBINSON. Do you have another drawing at some later period in the day?

Mr. ROE. That is right; another drawing later on at night.

Mr. ROBINSON. What is the average amount that is bet by the players? Let me put it this way: What amount can you bet?

Mr. ROE. Well, it has never been so you could operate with a limit. I haven't. You play any amount that you want.

Mr. ROBINSON. Is there a fairly average range?

Mr. ROE. Yes.

Mr. ROBINSON. Does it run from a nickel to a half dollar?

Mr. ROE. Twenty-five cents. More dimes than anything else.

Mr. ROBINSON. Can you give some idea about how the winnings, what the odds are, on the play?

Mr. ROE. Yes.

Mr. ROBINSON. In other words, if you make a nickel bet, how much do you get back?

Mr. ROE. Five dollars on a double aught. Twelve-number row you get \$10. If you played it in position for, say, the first six numbers, that means your numbers come in the first six out or the last six out, whichever one you designate, you get \$50 for a nickel.

If you play in the nines, the first nines you get \$20 for a nickel.

Mr. ROBINSON. How is the money paid to the bettor?

Mr. ROE. The money isn't paid to the bettor. It is paid to the man that writes the book, and he takes the money back to the player.

Mr. ROBINSON. And suppose that somebody plays in a station, how does he get his money?

Mr. ROE. He goes to the station and collects his money.

Mr. ROBINSON. How does the player know that he has won?

Mr. ROE. He will go by and get the drawings and look on the drawings to see if his number is odd.

Mr. ROBINSON. Where would he go to see the drawings? He doesn't attend the drawings?

Mr. ROE. No, very few players ever go to the drawings.

Mr. ROBINSON. How does he get knowledge of the fact that he has won or not?

Mr. ROE. He will go by and pick the drawings up that evening. If he plays in the morning, at 3 or 3:30 he can go back by the place where he played and pick up his drawings.

Mr. ROBINSON. I don't know what you mean by that. Is there an announcement made, a paper printed, or something that shows who has won?

Mr. ROE. That is right.

Mr. ROBINSON. Is that what you call a drawing?

Mr. ROE. That is right; called a drawing. You might say returns.

Mr. ROBINSON. I see. Now, Mr. Roe, Mr. Ed Jones had some trouble while he was here in this country, did he not? While he was a partner in your wheel, he was kidnapped?

Mr. ROE. Yes, he were.

Mr. ROBINSON. Do you remember the date of that?

Mr. ROE. No, I don't, not offhand.

Mr. ROBINSON. The year?

Mr. ROE. 1946, I think he was, wasn't it? I haven't kept up with it.

Mr. ROBINSON. And do you remember what the circumstances were?

Mr. ROE. What do you mean? How?

Mr. ROBINSON. He was a partner of yours at that time?

Mr. ROE. He was a partner of mine.

Mr. ROBINSON. And how did you first learn about it?

Mr. ROE. Well——

Mr. ROBINSON. Let's start that way.

Mr. ROE. Well, I learned, I got a call on the job from my wife that he had been kidnapped. Someone called her.

Mr. ROBINSON. Yes, and what did you do then?

Mr. ROE. I went to the police station and reported it.

Mr. ROBINSON. And what did you do after that?

Mr. ROE. I left there, then, and went to his home, and talked with his wife. Then, I rushed from there, to my home, and I had had a call there before I got there, but I didn't receive no call that night.

Mr. ROBINSON. You don't know who called or what was said? Was there any message left there at your home?

Mr. ROE. No, it was enough said to let it know that it came from the kidnaper, but I don't recall the words.

Mr. ROBINSON. And was there any information given as to what you should do?

Mr. ROE. Nothing.

Mr. ROBINSON. Well, what happened next?

Mr. ROE. The next, that was on Saturday, next I got a call on Sunday night. It said to tell his wife to keep her mouth shut.

Mr. ROBINSON. You recognized the voice?

Mr. ROE. No. Then, on Monday, I got——

Mr. ROBINSON. How long did you talk to the person?

Mr. ROE. That wasn't no talking, just said that and hung up.

Mr. ROBINSON. That was said to you?

Mr. ROE. Yes.

Mr. ROBINSON. Let me ask you, Mr. Roe. Did you recognize the voice as that of a colored person or a white person?

Mr. ROE. No, it didn't sound like no colored person, but I wouldn't know what nationality.

Mr. ROBINSON. I see. Well, what happened after that?

Mr. ROE. Well, I got a call on Monday to go to a certain place, on Forty-seventh Street, that I would receive a call at 1:30. Then, I went there, and they had called when I went there, when I got there, and a little while later they called again.

Mr. ROBINSON. What place was that?

Mr. ROE. At 518.

Mr. ROBINSON. Who lives there?

Mr. ROE. My partner's place, a tavern.

Mr. ROBINSON. What partner?

Mr. ROE. Clifford Davis.

Then when he called, he said, he made a demand for money.

Mr. ROBINSON. Was this the same person so far as you could tell?

Mr. ROE. It wasn't the same person that called on Sunday night, a different voice.

Mr. ROBINSON. Did you recognize that voice as being that of a colored person or a white person?

Mr. ROE. No, I did not. None sounded like a colored person, but I could never tell what nationality.

Mr. ROBINSON. All right. What did you do after that?

Mr. ROE. He said he wasn't particular about talking on that phone any more. He had another one, so I gave him another one and then he called me on Monday.

Mr. ROBINSON. Which one did you give him?

Mr. ROE. I gave him one in a place where I had worked at Thirty-fourth and Cottage.

Mr. ROBINSON. Was that your home?

Mr. ROE. No, that was a place I had worked in.

Mr. ROBINSON. Did he call you there?

Mr. ROE. He called me there Monday, but he called before I got there, and I waited around and he called again, and he said he wasn't satisfied with that number, and they had made a demand for money, and I told him there wasn't that much money on the South Side.

Mr. ROBINSON. Where had the demand been made?

Mr. ROE. The demand was made Monday.

Mr. ROBINSON. To whom?

Mr. ROE. To me.

Mr. ROBINSON. Oh, you had talked to him on the previous Monday and had received the demand?

Mr. ROE. I received the demand, yes.

Mr. ROBINSON. What was the demand?

Mr. ROE. \$250,000.

Mr. ROBINSON. What did you say?

Mr. ROE. I said there is not that much money on the South Side, to my knowledge.

Mr. ROBINSON. Was there any further conversation about that?

Mr. ROE. Well, we argued a while about the money, and so he said that was the price.

Mr. ROBINSON. Was there any threats made, if the money wasn't forthcoming, something would happen?

Mr. ROE. No, he didn't make no threats. And then after me talking with him on this other phone, then he wanted another phone, and by that—well, then he sent me to—I give him another phone and he sends me to a place that I would receive a message, and I received a letter signed by Ed Jones to pay the money, and when I got back George had gotten in, he was coming in from Mexico, and then that is when the negotiations started, from the Wednesday, I think, until Friday, and finally on Friday they agreed to accept \$100,000.

Mr. ROBINSON. And did you pay the money?

Mr. ROE. George paid the money.

Mr. ROBINSON. Do you know to whom he paid the money?

Mr. ROE. No.

Mr. ROBINSON. Was he released?

Mr. ROE. He was released that night, some time around 1 o'clock.

Mr. ROBINSON. Were you there when he was released?

Mr. ROE. No.

Mr. ROBINSON. How was he released?

Mr. ROE. Nothing—I don't know because I wasn't there, but he told me they just turned him loose on the street somewhere around Sixty-second and Ada.

Mr. ROBINSON. Was he upset about it?

Mr. ROE. Scared to death.

Mr. ROBINSON. What did he do?

Mr. ROE. He said he tore that mask off his face and run.

Mr. ROBINSON. Did he stay in Chicago very long after that?

Mr. ROE. Oh, yes, he was around here for over a week, a week or more.

Mr. ROBINSON. And then what did he decided to do?

Mr. ROE. He decided to leave.

Mr. ROBINSON. Did he tell you why he decided to leave?

Mr. ROE. Well, he discussed more than one thing, he said he don't want to raise his children here, for one thing.

Mr. ROBINSON. Did he express any fear of a recurrence of the kidnaping?

Mr. ROE. Well, I could only answer that by the way he appeared. He appeared very excited.

Mr. ROBINSON. Did you have any suspicions in your own mind as to who had done the kidnaping?

Mr. ROE. Not the least idea; not the least idea who.

Mr. ROBINSON. Do you remember the occasion of the bombing of Benvenuti's home?

Mr. ROE. What I read in the newspapers only.

Mr. ROBINSON. How long after that did the bombing take place? How long after the kidnaping was the bombing?

Mr. ROE. It was quite a long while. I don't recall.

Mr. ROBINSON. Well, it is a matter of 6 months or a year?

Mr. ROE. It is longer than that, around a year at least.

Mr. ROBINSON. Do you remember when the bombing took place?

Mr. ROE. Yes, I remember from reading the papers, but I don't remember what year it was.

Mr. ROBINSON. Was that about 2 years ago?

Mr. ROE. Around that time.

Mr. ROBINSON. Two or three years ago?

Mr. ROE. Yes.

Mr. ROBINSON. Now, Mr. Roe, I want to show you this document here. Would you look that over?

Mr. HALLEY. What exhibit number are we up to?

The OFFICIAL COURT REPORTER. The next exhibit number is 60.

Mr. ROBINSON. Who are your accountants?

Mr. ROE. Doty & Doty.

Mr. ROBINSON. Well, Mr. Roe, those are figures taken off your books and records which were examined through your accountant. Would you look at those and then state whether or not they are approximately correct, to the best of your knowledge.

I know you can't recall what they are precisely to the cent, but would you say they are close to what your recollection is of the gross and net income of the business?

Mr. ROE. If the records show that, that must be what it is.

Mr. ROBINSON. Do they look as if they were fairly close to right?

Mr. ROE. I couldn't remember from year to year.

Mr. ROBINSON. Well, look at the last 3 years and see if they are close. Look on the next page, the last 3 years on the next page.

Mr. ROE. The last 3 years? [Examining document.] I imagine that is correct. Of course, we haven't checked up, we never check up.

Mr. ROBINSON. I would like to offer that in evidence.

The CHAIRMAN. Are they taken from the books of the company?

Mr. HALLEY. They are.

Mr. ROBINSON. They are taken from the books.

Mr. HALLEY. Won't you read into the record the net of the various years, the net profit?

The CHAIRMAN. Let me first ask Mr. Amis this: Did you take these from the books of the company; is that where they came from?

Mr. AMIS. Yes, sir.

The CHAIRMAN. Just read off some of the typical years there.

Mr. ROBINSON. Well, I will run back, if it is all right, Mr. Chairman, the last 4 or 5 years.

The CHAIRMAN. All right.

Mr. ROBINSON. 1950, or up to the present time in 1950, \$352,449.63. For 1949, \$687,011.80. For 1948, \$997,564.41. For 1947, \$851,978.14. For 1946, \$1,120,413.87.

The CHAIRMAN. Is that the net or the gross?

Mr. ROBINSON. And 1945, \$973,729.53.

Mr. HALLEY. That is the net.

Mr. ROBINSON. That is the net, Mr. Chairman.

The CHAIRMAN. Very well. Do you remember—

Mr. HESS. Can I look at it, Senator?

The CHAIRMAN. Yes, indeed. [Handing document to counsel.]

That will be exhibit No. 60.

(Exhibit No. 60 appears in the appendix on p. 1407.)

Mr. ROBINSON. Now, Mr. Roe, have you ever seen Tom Manno around the Benvenuti Wheel?

Mr. ROE. I was never at the Benvenuti Wheel.

Mr. ROBINSON. You have never seen him around there?

Mr. ROE. I never saw Pat Manno; is that who you mean?

Mr. ROBINSON. Pat Manno, or Tom Manno?

Mr. ROE. I never saw Pat Manno over twice in my life, before I was down here last time.

Mr. ROBINSON. Do you know Tom Manno?

Mr. ROE. That is the one I was balled up on. I seen him once.

Mr. ROBINSON. Where did you see him?

Mr. ROE. I saw him at a paper company.

Mr. ROBINSON. What is the name of that company?

Mr. ROE. Victory Paper Co. That was a long time ago.

Mr. ROBINSON. Do you do business with the Victory Paper Co.?

Mr. ROE. I think we buy some paper from them.

Mr. ROBINSON. Who owns that company?

Mr. ROE. A boy named Russell.

Mr. ROBINSON. Sir?

Mr. ROE. Russell, is all I know.

Mr. ROBINSON. Do you know whether the Benvenutis have an interest in that company?

Mr. ROE. I don't know.

Mr. ROBINSON. Do you buy paper for the wheel?

Mr. ROE. That is right.

Mr. ROBINSON. The paper that they use for the printing of the numbers?

Mr. ROE. That is right.

Mr. ROBINSON. Do you know Martin's Wheel?

Mr. ROE. No; nothing but what I heard.

Mr. ROBINSON. Do you know him?

Mr. ROE. Yes; I knew him.

Mr. ROBINSON. Do you know what the name of his wheel is?

Mr. ROE. No; I don't. I don't recall it.

Mr. ROBINSON. Now, what expenses do you have in the operation of your wheel, Mr. Roe?

Mr. ROE. Oh, various expenses.

Mr. ROBINSON. Such as what?

Mr. ROE. Well, every time you turn around you have got to spend something, such as rents; and the writers, we pay them and loan them; we give them a lot of money, and we give them Thanksgiving presents; we give them Christmas presents; maybe every day they borrow, two or three of them borrow maybe \$10, \$15, or \$20. They are supposed to borrow it, but they never pay it back.

And then for courts, lawyers, fines, all kinds of raids.

Mr. ROBINSON. Does the company bear the expense of fines, bail bonds, lawyers' fees, and so forth, when one of the pickup men or one of the writers is arrested?

Mr. ROE. Yes; I pay mine, all of my pickup. I got to pay it; nobody else to.

Mr. ROBINSON. And do you pay that out of the income of the company?

Mr. ROE. No; you just pay—always pay that out of our pockets. We never did get no credit for it.

Mr. ROBINSON. In other words, you can't take that as a deduction in your business?

Mr. ROE. We never was given that.

Mr. ROBINSON. So you take it out of your partnership—

Mr. ROE. Yes.

Mr. ROBINSON (continuing). Income?

Mr. ROE. That is right.

Mr. ROBINSON. And you spread it around among the other partners? Do you all share that expense equally?

Mr. ROE. No.

Mr. ROBINSON. In other words, the Jones brothers pay nothing?

Mr. ROE. Oh, yes, the different partners all—I understand. I thought you meant other operators.

Mr. ROBINSON. You all split that expense among yourselves?

Mr. ROE. Yes; that is right.

Mr. ROBINSON. How large does that expense run?

Mr. ROE. We have never kept up with it. Sometimes it is more than it is others.

Mr. ROBINSON. Well, can you give an approximation of what—a fair, good guess at what the sum is that you pay out?

Mr. ROE. I couldn't—

Mr. ROBINSON. For that type of expense?

Mr. ROE. I wouldn't know, because one year wouldn't run the same as the other, and sometimes one 3 months don't run like the others, you see. It depends on the raids and so on that we get. In certain times of the year we have more, like Christmas times and at the end of the year we always spend and give away a lot of money to Christmas funds, and Christmas baskets and all like that.

Mr. ROBINSON. No; I am talking about the expenses for lawyers' fees, for bonds and for fines—

Mr. ROE. Yes, well, that always depends on whether they had many drives on gambling and sometimes there were more than others, you know.

Mr. ROBINSON. Are the drives very frequent?

Mr. ROE. Yes. Well, they raid all the time. I have never had a—known them to stop raiding it, but sometimes it has been worse than others.

Mr. ROBINSON. And sometimes it is not as much as others; is that right?

Mr. ROE. Well, that is right. That is right.

Mr. ROBINSON. Now, do you ordinarily give presents out at Christmas time to any of the members of the police force?

Mr. ROE. No. No police bother me. That is always—usually I have come through politicians, precinct captains and like that, you know, that is getting up money for such things, you know.

Mr. ROBINSON. Do you make any gifts to political campaigns?

Mr. ROE. No; I am not making any—nobody has bothered me about any political money.

Mr. ROBINSON. Well, do you make them voluntarily yourself as a part of your business?

Mr. ROE. No; I have not.

Mr. ROBINSON. Never have?

Mr. ROE. No; I am not making no political gifts.

Mr. ROBINSON. You never at any time bought any gifts to give to—

Mr. ROE. I recall back there—stating back there, when a man, a committeeman, Joe Geary—I think that he got some money from us

a couple of times. He was a committeeman, but that was a long time back, but it wasn't much.

Mr. ROBINSON. You have never made any contribution to any policemen?

Mr. ROE. No.

Mr. ROBINSON. Do you have a policy for the men coming to your wheel to pick up, to make gifts to the policemen?

Mr. ROE. No.

Mr. ROBINSON. You have never heard of that being done?

Mr. ROE. No. My men have never given anything. They have never got any money from me for them.

Mr. ROBINSON. You have never reimbursed them for that at any time?

Mr. ROE. No.

Mr. ROBINSON. Now, how much do you remit to the Joneses?

Let me help you. Are the two other partners now residing in Mexico?

Mr. ROE. That is right.

Mr. ROBINSON. And they are remitted a certain sum every week or every month, or how?

Mr. ROE. No; just whenever they want the money they ask for it.

Mr. ROBINSON. Is there a fixed sum that they are entitled to draw from the company during the year?

Mr. ROE. We have a partnership account. The money is there. Sometimes he may say, "Send me \$1,000," or he might say, "Send \$30,000," or he might say, "Send us \$10,000 apiece."

Mr. ROBINSON. And do you recall how much they draw during the course of the year?

Mr. ROE. No; I don't.

Mr. ROBINSON. How much do you make out of the company?

Mr. ROE. Well, I am one-fifth partner.

Mr. ROBINSON. Do you know in dollars how much that amounts to?

Mr. ROE. No. My records would show that, though.

Mr. ROBINSON. Somewhere around \$100,000?

Mr. ROE. Well, it has been up that high, I am sure.

Mr. ROBINSON. Wasn't it about that high last year?

Mr. ROE. Well, I don't think it was that much last year. It might be, but I don't think it was.

Mr. ROBINSON. Don't you recall that you got over \$100,000 last year as your income from the Idaho-Maine?

Mr. ROE. Well, whatever the records show. The money is in the bank.

Mr. ROBINSON. Wouldn't it be close to around \$130,000?

Mr. ROE. Whatever the record shows.

Mr. ROBINSON. Do you know Captain Blueitt?

Mr. ROE. Yes; I know him when I see him.

Mr. ROBINSON. How long have you known him?

Mr. ROE. Well, I have been seeing him ever since he was a sergeant—and that must have been 6, 7 years, along in there, I guess. I have seen him. I know it is Blueitt when I see him.

Mr. ROBINSON. Have you ever been arrested by him?

Mr. ROE. No; he has never arrested me.

Mr. ROBINSON. Have you ever been arrested yourself?

Mr. ROE. Oh, yes.

Mr. ROBINSON. How many times?

Mr. ROE. Well, I can't recall.

Mr. ROBINSON. Has it been recently?

Mr. ROE. No.

Mr. ROBINSON. When was the last time you were arrested?

Mr. ROE. I haven't been arrested, I don't think, for about 3 or 4 years; I don't think, as I recall.

Mr. ROBINSON. Was it for policy operation?

Mr. ROE. Yes.

Mr. ROBINSON. Were you convicted?

Mr. ROE. No. Not the last time I wasn't convicted. I recall that time.

Mr. ROBINSON. Have you ever been convicted?

Mr. ROE. Well, I can't recall that. You see, policy raids were small raids you know, and I was in quite a few.

Mr. ROBINSON. Is it just a matter of routine?

Mr. ROE. No; it was no matter of routine because one case I was in there, we fought that case a long time and I am trying to refresh my memory now as to whether we got a fine on it or whether we beat that case. I think we beat it.

Mr. ROBINSON. What is the average fine you have to pay out for your employees when they are arrested?

Mr. ROE. Well, they run from \$25 to \$200 and costs.

Mr. ROBINSON. Do you get very many for \$200 and costs?

Mr. ROE. I have had quite a few.

Mr. ROBINSON. There would be more for \$25?

Mr. ROE. Yes. You see, there are different charges that they are charged, what the cities charge, or some charge city and State charges.

Mr. ROBINSON. None of them are ever sentenced to a jail term; are they?

Mr. ROE. Well, I had one indicted and got 2 years, but I beat that case in the supreme court.

Mr. ROBINSON. That is the only one?

Mr. ROE. That is right.

Mr. ROBINSON. That ever received a sentence to a jail term?

Mr. ROE. Well, way back sometime I recall one went to jail there, one or two, I think, but I beat it in appellate court.

Mr. HALLEY. In what district is your wheel located?

Mr. ROE. Well, we work in different districts, of course. We move. We move a wheel by night.

Mr. HALLEY. In what district has it last been located?

Mr. ROE. Well, I have been in the fifth district, then, I have been in the Staten Avenue district.

Mr. HALLEY. When you have your drawings, are the various people who sell these tickets there to see that the drawing is fair?

Mr. ROE. That is right.

Mr. HALLEY. How many people are present at the drawing on the average?

Mr. ROE. Well, they vary. Sometimes as many as 10, 15. Sometimes it is not more than 5 or 6, due to the police being so hot on them.

Mr. HALLEY. Are there ever more than 10 or 15?

Mr. ROE. No, not in the long wheel; can't have that many; can't take that many in the house.

Mr. HALLEY. Now, at the time of the drawing, you have all of the slips and the books, all of the other paraphernalia there; is that right?

Mr. ROE. We don't have the books there. Nothing goes on there but the drawing.

Mr. HALLEY. The drawing?

Mr. ROE. That is all.

Mr. HALLEY. Then, you take the winning numbers to some place?

Mr. ROE. Yes; the winning numbers go to the stamping machines, and be printed.

Mr. HALLEY. Then, how do the various sellers cash in the winning ticket?

Mr. ROE. Well, from the stamping machines, the people are spotted out in different places where one may take drawings to two or three. Then he will distribute them out. The pickup men get them and drop them off, where the writers get them and take them back to the people.

Mr. HALLEY. You must employ a great number of people; don't you?

Mr. ROE. Well, on a salary, I think I stated I had about 74.

Mr. HALLEY. And on commission?

Mr. ROE. No commission.

Mr. HALLEY. Just 74 work for your wheel?

Mr. ROE. That is right.

Mr. HALLEY. You are one of the biggest wheels?

Mr. ROE. That is what it has been considered.

Mr. HALLEY. And there are only about 15 big wheels, you feel, in Chicago?

Mr. ROE. Well, I wouldn't think it was 15 big ones.

Mr. HALLEY. Do any employ more than 74 people?

Mr. ROE. I don't know what they employ. I never was in none of them because, when they are working, I am working.

Mr. HALLEY. I don't know whether you are interested in the philosophy of the thing, but we have been told that one justification for the policy wheel is that it gives employment to thousands and thousands of people. I am a little surprised to hear that you have only 74 employees for such a big wheel.

Mr. ROE. Well, I am giving it to you. I counted my payroll yesterday. That is why I recall 74 people.

Mr. HALLEY. You have no commission writers?

Mr. ROE. The writers write on commission. They are not employees.

Mr. HALLEY. They don't count among the employees?

Mr. ROE. No.

Mr. HALLEY. How many writers do you have in addition to your employees?

Mr. ROE. Well, I don't know. It is quite a few, I guess.

Mr. HALLEY. Several hundred?

Mr. ROE. Around three or four, 300 or more.

Mr. HALLEY. More than 300?

Mr. ROE. Yes.

Mr. HALLEY. What commission do they get?

Mr. ROE. Twenty-five percent.

Mr. HALLEY. Of the bet or of the——

Mr. ROE. The gross. If they write a dollar, they get 25 cents, and they give 75 cents to the wheel. They get carfare off the book, 10 cents, 15 cents more, rather.

Mr. HALLEY. What do they have to turn in to you to show they have actually got a bet? Do they have to turn in some kind of slip?

Mr. ROE. They turn a book in, from a nickel up.

Mr. HALLEY. Do you print the book, or is it any book they pick up anywhere?

Mr. ROE. You say, do they print it?

Mr. HALLEY. Yes. Is it a special book?

Mr. ROE. We don't print it. It is a book you write, and they write on it. They make a carbon duplicate, you know.

Mr. HALLEY. Who furnishes the book? Do you get it somewhere?

Mr. ROE. We buy the paper and furnish it to the writers.

Mr. HALLEY. You furnish it, and it is a book you recognize then when they turn it in?

Mr. ROE. Yes. Well, a book is a book. It makes no difference what color it were. The class is the thing that counts.

Mr. HALLEY. What do you mean by class?

Mr. ROE. The class of the drawing. That notes where the person wants to play.

Mr. HALLEY. What troubles me is how at the rate of over 400 writers, 74 regular employees, and these drawings taking place with 10 or 15 people present, I think you said, twice a day, how you could operate under the police wanted you to operate.

Mr. ROE. I didn't say that. I said that sometimes there has been that many.

Mr. HALLEY. Well, what is the fewest at a drawing?

Mr. ROE. Well, I say five or six, and like that, you see.

Mr. HALLEY. When people gather that way and you handle business of that size, how is it possible for the police in your district not to know what is going on?

Mr. ROE. We may meet in a building, say a 32-flat building, where the police wouldn't pay attention to 8 or 10 people going in that building.

Mr. HALLEY. At least ever since the kidnaping of your partner, Jones, it would seem to me that the police would have a pretty good idea that you were running a policy book.

Mr. ROE. Well, they know about that, I am sure, because they raid me all the time.

Mr. HALLEY. Well, you personally haven't been arrested in the last 3 years, have you?

Mr. ROE. I personally, I haven't. I stayed out of the way.

Mr. HALLEY. If they managed to catch you running your drawing and with a number of people present, they probably could pin a pretty good rap on you?

Mr. ROE. If they saw me. I always steer clear. I wouldn't stay in one place with the drawing very long.

Mr. HALLEY. They could probably put you out of business if they really went about trying to catch you people day after day?

Mr. ROE. They have tried to catch my men, and they have tried to catch me.

Mr. HALLEY. They haven't succeeded, though, in all these years?

Mr. ROE. They have tried to catch me with a "can."

Mr. HALLEY. What do you mean by that, they have tried to catch you with a "can"?

Mr. ROE. That is a wheel, the rolls.

Mr. HALLEY. Do you have any special arrangement with any of the police in your district so that they don't catch you with the "can"?

Mr. ROE. No; I have no special arrangement with them.

Mr. HALLEY. Who is the captain in the district in which you are now operating?

Mr. ROE. Blueitt, acting captain.

Mr. HALLEY. Acting Captain Blueitt?

Mr. ROE. Yes.

Mr. HALLEY. You say you do not know him well at all?

Mr. ROE. Oh, I know him; sure; I know him when I see him.

Mr. HALLEY. Have you ever given him a Christmas present?

Mr. ROE. No; I have not.

Mr. HALLEY. Or any other kind of a gift?

Mr. ROE. No; he never asked for anything.

Mr. HALLEY. Have you ever had a drink with him?

Mr. ROE. No; I don't drink.

Mr. HALLEY. Have you ever had a meal with him?

Mr. ROE. No; I have not. I don't ever recall having no meal with no police officers.

Mr. HALLEY. You sat and talked with him, perhaps?

Mr. ROE. Oh, I met policemen that I have seen and speak to them. I don't stay around with them very long, because they are on one side of the fence and I am on the other.

Mr. HALLEY. Do they show any consistent efforts to catch you?

Mr. ROE. Pretty much of them told me they were going to get me; that is what they are paying you for, they said.

Mr. HALLEY. So the point is that you are smarter than the police or you are paying off the police.

Mr. ROE. No; the police is trying to catch me.

Mr. HALLEY. You mean they are just not smart enough to catch you?

Mr. ROE. Well, it has been a case of wits against wits so far.

Mr. HALLEY. Wits against wits. Now, the chairman suggested that maybe you have a good lawyer to protect your people when they are taken into jail, brought up on charges. Is that a possibility?

Mr. ROE. Well, I have always had lawyers to defend them.

Mr. HALLEY. Who are the lawyers you have had in the last 2 years?

Mr. ROE. Well, I have used Taverniere. I have used a lawyer by the name of Ferguson, and those men are the principal lawyers.

Mr. HALLEY. Anyone else?

Mr. ROE. No; I don't think——

Mr. HALLEY. What is Ferguson's full name?

Mr. ROE. I don't recall his first name offhand. I think it is Henry, I believe; Henry, I believe.

Mr. HALLEY. Henry?

Mr. ROE. I believe it is Henry Ferguson.

Mr. HALLEY. Who is the other lawyer?

Mr. ROE. Clifford Taverniere.

Mr. HALLEY. How long has Taverniere been representing you and your people?

Mr. ROE. Oh, ever since I have been operating.

Mr. HALLEY. And Ferguson?

Mr. ROE. Ferguson; no; I have never—not too long.

Mr. HALLEY. How did you happen to make the connection with Ferguson?

Mr. ROE. Well, I had some pretty tough cases and knowed he was a good lawyer, and he was the one that carried the case to the supreme court for me.

Mr. HALLEY. Have you never talked to anybody about the problem of protection for your business?

Mr. ROE. No; there was nothing to talk to them about.

Mr. HALLEY. Haven't you ever sought to obtain protection so that your runners wouldn't be bothered too much?

Mr. ROE. No. I told them to stay out of the way the best they can; that is all I tell them.

Mr. HALLEY. Well, in the last 10 years have there been any periods when the heat was on so that you just couldn't run the wheel?

Mr. ROE. Well, we have been closed up; yes.

Mr. HALLEY. When were you last closed up?

Mr. ROE. Oh, offhand I don't know; maybe it was 6 or 8 months ago, maybe, something like that, we were closed.

Mr. HALLEY. How long were you closed 6 or 8 months ago?

Mr. ROE. Oh, I don't recall exactly, but I think we was closed a month or more.

Mr. HALLEY. Have you ever complained about a police officer arresting any of your people?

Mr. ROE. No; I didn't have no complaint to make.

Mr. HALLEY. Do you know of any case where a police officer has been transferred out of your district for being too aggressive and arresting your people?

Mr. ROE. Not to my knowledge.

Mr. HALLEY. None at any time?

Mr. ROE. Not to my knowledge.

Mr. HALLEY. Have you ever talked to your ward committeeman about the problems of the policy business?

Mr. ROE. No; I have not.

Mr. HALLEY. Or to any other person in the political field?

Mr. ROE. No; nothing in particular.

Mr. HALLEY. Do you belong to a political club yourself?

Mr. ROE. I do not.

Mr. HALLEY. Have you ever?

Mr. ROE. Never have.

Mr. HALLEY. How long have you been in the policy business?

Mr. ROE. I started working for the Jones brothers about 21 or 22 years ago, something like that.

Mr. HALLEY. As an employee?

Mr. ROE. As an employee; yes.

Mr. HALLEY. Is it out of loyalty that you keep your partnership with Ed Jones going, even though he is no longer available to work in the business.

Mr. ROE. Well, you can mix it up. I would be loyal to him. He had always been nice to me.

Mr. HALLEY. What other reason would you have?

Mr. ROE. Well, I had a chance to make more money for myself, personally.

Mr. HALLEY. How do you figure that?

Mr. ROE. By operating the wheel.

Mr. HALLEY. By operating the wheel?

Mr. ROE. Yes.

Mr. HALLEY. But you could operate the wheel without Jones now, could you not? He is in Mexico, or he was?

Mr. ROE. But we are partners. I never had no reason to dissolve a partnership.

Mr. HALLEY. But when he left the country he was no longer able to contribute anything to the partnership, was he?

Mr. ROE. Well, he wasn't here; no; he wasn't here.

Mr. HALLEY. And still you remained loyal to him and kept him as a partner?

Mr. ROE. That is right.

Mr. HALLEY. Did you have any other reason, other than loyalty and your gratefulness for his having given you your chance?

Mr. ROE. No; nothing more than that they was just partners and I felt that was the right thing to do. I wouldn't want to do something to him I would not want him to do to me.

Mr. HALLEY. Is the arrangement that no matter how long he stays in Mexico he has his share of the wheel?

Mr. ROE. Well, it was understood, I guess, as long as he wanted it.

Mr. HALLEY. Even if he doesn't ever come back, you will continue your partnership with him?

Mr. ROE. Yes, I feel that belongs to him.

Mr. HALLEY. That is the arrangement?

Mr. ROE. That is right.

Mr. HALLEY. What is it that belongs to him?

Mr. ROE. Well, he was founder of the wheel in the beginning, and I would feel that he should maintain his interest as long as he lived and as long as it operated.

Mr. HALLEY. You think of the wheel as a business in itself, is that right?

Mr. ROE. That is right.

Mr. HALLEY. This is the Jones Brothers' wheel you are running now?

Mr. ROE. Well, of course, we have formed a partnership, and I am one of the partners.

Mr. HALLEY. I have no other questions.

The CHAIRMAN. The name of the partnership is Doty & Doty, isn't it?

Mr. ROE. These are the accountants.

The CHAIRMAN. Isn't that what you call the partnership?

Mr. ROE. No, sir.

The CHAIRMAN. Jones and Maine Club, is that the name of the partnership?

Mr. ROE. Idaho and Maine, something like that. One of the names of the wheels is the name of the business.

The CHAIRMAN. You have five partners, and you are one of the partners?

Mr. ROE. That is right.

The CHAIRMAN. Whatever this net is each year, you have got a fifth of it?

Mr. ROE. That is right.

The CHAIRMAN. Some years it has run over a million dollars. You get a fifth of that, is that right?

Mr. ROE. That is right. Since I have been in there.

The CHAIRMAN. Then you send one-fifth down to Ed Jones and George Jones, one-fifth to Mexico?

Mr. ROE. Whatever they ask for, I send it to them.

The CHAIRMAN. Do you send approximately their fifth to them?

Mr. ROE. Well, you see, he might say send us \$30,000 apiece, that is \$90,000. Then he might not ask for any more for quite a while. Then I might send \$10,000 apiece, and then he asked for as low as \$1,000.

The CHAIRMAN. Do you correspond with him about how it is going?

Mr. ROE. No, I haven't talked to Ed Jones in 6 or 7 months, I don't think, Senator.

The CHAIRMAN. How do you send the money to him?

Mr. ROE. Well, he has a woman here that takes care of the hotels for him, and he talks to her frequently, and he will tell her, and she will tell me he wants some money, and she tells me how much.

The CHAIRMAN. You turn it over to her in cash, then?

Mr. ROE. No. I would give a check, get a cashier's check.

The CHAIRMAN. And then the check is sent to him in Mexico?

Mr. ROE. That is right.

The CHAIRMAN. He owns a number of hotels?

Mr. ROE. Yes, here in Chicago.

The CHAIRMAN. And you own three buildings yourself, don't you?

Mr. ROE. Well, my partner and I own one in partnership, and I own two.

The CHAIRMAN. You own two and you and your partner own the third?

Mr. ROE. Owns the third.

The CHAIRMAN. I am interested in seeing that the gross is something above the net, but it is not an awful lot.

Here for 1949 the gross appeared to be \$1,013,000, and your net was \$687,000.

Here in 1948 the gross was \$1,269,000, and your net was \$997,000.

Mr. ROE. Not interrupting you, Senator, but the Jones Brothers had 1 year they lost, they didn't make anything.

The CHAIRMAN. Maybe so, but I don't see it on here since 1934.

Mr. ROE. No, you won't find it in there.

The CHAIRMAN. But generally here it seems to run that you get to keep about two-thirds of what you take in. Sometimes it is a little less than that.

Mr. ROE. I guess that all depends on the breaks, because sometimes we have had streaks of winnings that go a long time, then we have streaks of losing that looks like we won't stop.

The CHAIRMAN. But since 1940 apparently you have kept about two-thirds of what you have taken in, two-thirds of the gross, your net is about two-thirds of the gross, apparently?

Mr. ROE. I don't know, Senator.

The CHAIRMAN. Is that the way it about runs in the last few years, do you think?

Mr. ROE. All I can do is refer you to the records. My partner takes care of that, and he is an honest man, and I never pay attention to it.

The CHAIRMAN. Now, what property does the partnership own? Do you have any—you don't have to have any building or no particular office equipment or anything at that rate, would you? You just have to have a wheel?

Mr. ROE. That is right.

The CHAIRMAN. And your books and records?

Mr. ROE. That is right.

The CHAIRMAN. And your personnel, the people working for you, and they have to know what to do?

Mr. ROE. Yes, sir.

The CHAIRMAN. Where do you get the wheel from?

Mr. ROE. The wheel?

The CHAIRMAN. Yes.

Mr. ROE. Well, you mean the can with the numbers they are drawing out?

The CHAIRMAN. Is it a can? I thought it was a wheel?

Mr. ROE. Well, it is wooden, and it is built round, it curves around, see, and it has a top, you know, where you open, that you spin and you mix up the numbers. You open it as they reach in and pull one out.

The CHAIRMAN. It would sort of be like—in the country you used to get cheese in round things like this [indicating]. Would it be kind of like that?

Mr. ROE. Yes, something the same.

The CHAIRMAN. Yes. Where would you get that wheel from?

Mr. ROE. Well, they make them. The man that sells the paper, I think, they sell those, too.

The CHAIRMAN. And what other equipment do you have to have to do business with? Do you have an office somewhere?

Mr. ROE. Well, we have had offices set up in different places, small places in flats, of course.

The CHAIRMAN. But you can move your office from day to day if you want to?

Mr. ROE. Yes, we can move them, but we have stamping machines, you know, and like that. They are very expensive.

The CHAIRMAN. Did I understand that the station that you were talking about—that anyone could go there and bet on any wheel they wanted to?

Mr. ROE. The ones that they write, there.

The CHAIRMAN. I know, but do they have stations where you can bet on your wheel or somebody else's wheel?

Mr. ROE. Yes, when the stations are operated. Of course, when they are——

The CHAIRMAN. You mean you can bet on any one of 15 wheels if you go to a station?

Mr. ROE. Yes, a lot of them are located in flats and places like that.

The CHAIRMAN. Who pays the station operators?

Mr. ROE. Nobody. He gets a commission.

The CHAIRMAN. He just gets his commission, and the customer goes there and say they want to bet on Jones' wheel or they want to bet on somebody else's wheel, they can bet?

Mr. ROE. Yes, usually he has his drawing in his hands, see, what wheel he wants to play on.

The CHAIRMAN. Now, Mr. Hess doesn't ever represent any of your people. He is a federal lawyer, isn't he?

Mr. ROE. No, he never represented any so far.

The CHAIRMAN. You just got him——

Mr. ROE. He is representing us, that is all.

The CHAIRMAN. You just got him for this hearing?

Mr. ROE. Yes, that is right.

The CHAIRMAN. He never represented you before this hearing came up, did he?

Mr. ROE. No.

Mr. HESS. I like Federal people.

The CHAIRMAN. You practice in Federal courts?

Mr. HESS. With all respect to the State's attorney, I still like Federal people.

The CHAIRMAN. I understand, also, you accept a lot of appointments to represent people gratuitously?

Mr. HESS. Oh, yes, for the last 25 years I have done a lot of things that almost killed me.

I would like to suggest if you are through——

The CHAIRMAN. All right, sir.

Mr. HESS. Don't you think the record should be clarified to show—you raised a question here that he gets one-fifth of that net. I don't think the record is as clear as it ought to be that out of that fifth he pays these extra expenses that he talks about, like fines and attorney fees, and whatnot.

The CHAIRMAN. Well, I think that is clear.

Mr. HESS. If it is clear, that is all I care to know about it.

The CHAIRMAN. Yes. Here in 1946, just taking the last item, the net here was \$1,120,000. You get a fifth of that, but out of your share, which would be approximately \$220,030, out of that you'd pay extraordinary expenses, things that you couldn't charge off on your income tax.

Mr. ROE. Yes, plenty of them.

The CHAIRMAN. Things like fines and things of the sort. You pay those?

Mr. ROE. Yes.

Mr. HESS. And also income tax, of course.

The CHAIRMAN. Oh, yes, he has got to pay his income tax, of course.

Mr. HESS. He can't get out of that.

The CHAIRMAN. Not very well.

Mr. HESS. He'd get caught.

The CHAIRMAN. Where do the Joneses stay in Mexico?

Mr. ROE. Mexico City.

The CHAIRMAN. Do you use a lawyer named Clayton, Payne, Taylor, and a whole group of lawyers out there to represent you?

Mr. ROE. I know those lawyers.

The CHAIRMAN. Do you use them sometimes?

Mr. ROE. I have used both of them. I have used Clayton and I have also used——

The CHAIRMAN. But you just get a lawyer whenever a case comes up, is that your situation, or do you keep some lawyer on retainer?

Mr. ROE. Well, I have kept a couple of lawyers. Of course, I have always paid them by cases.

The CHAIRMAN. Just whenever the cases came up?

Mr. ROE. That is right.

The CHAIRMAN. Who are your regular retained lawyers?

Mr. ROE. Well, my regular lawyer that I had taken from my regular lawyer was Ferguson, but he is not any more now. So, of course, for policy, I have used Taverniere.

Mr. ROBINSON. Mr. Chairman, I would like to offer exhibit No. 61, which is taken from the books and records of the company, showing the amount of operation during the year of the Maine-Idaho Co.

The CHAIRMAN. This is for the years 1948 and 1949, fiscal years, showing the in and out, the net income, the paper and supplies, the rent and moving, machine, light and telephone, taxes, repairs, by the month.

Do you want to see it, Mr. Hess?

Mr. HESS. Of course, we don't know. We are assuming that they are correct in their examination of the books, but I am quite sure that the witness doesn't know anything about it.

Mr. ROE. No.

Mr. HESS. He relies on the books.

The CHAIRMAN. Mr. Amis, you took that from the books?

Mr. ROBINSON. I believe that was the tabulation made by the accountants.

Mr. HESS. Doty & Doty?

Mr. ROBINSON. Yes.

Mr. HESS. If Doty & Doty made it from our books, of course, it is correct.

The CHAIRMAN. Exhibit No. 61 received.

(Exhibit No. 61 appears in the appendix on p. 1408.)

The CHAIRMAN. That is all, Mr. Hess.

Mr. HESS. Thank you very much.

(Witness excused.)

**TESTIMONY OF EDWARD P. JONES, CHICAGO, ILL., ACCOMPANIED
BY AARON PAYNE, ATTORNEY, CHICAGO, ILL.**

The CHAIRMAN. Mr. Jones, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. JONES. I do.

The CHAIRMAN. Who is appearing with you?

Mr. PAYNE. Aaron Payne.

The CHAIRMAN. What is your address?

Mr. PAYNE. 180 West Washington Boulevard.

The CHAIRMAN. Before you start, I would like to say that Mr. Boyle, the State's attorney, has just called my attention to the fact that a group of the elected State's attorneys from down State Illinois are having a convention or some kind of a get-together for professional pur-

poses, for the improvement of the legal profession and the art of the prosecuting attorneys; and we are very happy to have a number of those distinguished gentlemen with us tonight. We hope you will stay with us as long as you can, gentlemen. And we are glad to have Mr. Boyle sitting here with the committee.

All right, we will proceed with Mr. Jones.

Mr. HALLEY. Your name is Edward P. Jones?

Mr. JONES. Edward P. Jones.

Mr. HALLEY. Speak up loud, would you please?

Mr. JONES. Edward P. Jones.

Mr. HALLEY. And where do you now reside?

Mr. JONES. I reside in Mexico City.

Mr. HALLEY. How long have you lived there?

Mr. JONES. I have been there for about 7 years.

Mr. HALLEY. Mr. Jones, are you a partner in a business known as the Maine-Idaho Club—a policy wheel?

Mr. JONES. I should say I participate in the profits of it.

Mr. HALLEY. You participate in the profits?

Mr. JONES. Yes, sir.

Mr. HALLEY. And your participation is one-fifth interest?

Mr. JONES. That is right.

Mr. HALLEY. And you share with your wife, Lettia P. Jones, is that right?

Mr. JONES. Yes, sir.

The CHAIRMAN. You mean she has also a one fifth interest?

Mr. HALLEY. No. They share one-fifth together, Mr. Chairman. Is that right, sir?

Mr. JONES. That is right.

Mr. HALLEY. Now, Mr. Jones, in the year 1948 is it a fact that your participation in the profits of the Maine-Idaho Club amounted to a net to you and your wife of \$199,512.88?

Mr. JONES. Well, I would have to refer to my auditor or books or something to be able to verify that fact.

Mr. HALLEY. I have the figure from your tax return. Does that sound approximately right to you?

Mr. JONES. Well, if you have the figure from the tax return, I imagine it would have to be.

Mr. HALLEY. Is that about the figure, as you remember it?

The CHAIRMAN. In the neighborhood of \$220,000?

Mr. HALLEY. No, \$200,000. There was other income.

Mr. JONES. I would say it was, if you say so.

Mr. HALLEY. In the year 1949 did you and your wife draw a net of about \$137,000 from the wheel?

Mr. JONES. 1949?

Mr. HALLEY. Yes.

Mr. JONES. Is that on the return also?

Mr. HALLEY. Yes, that is.

Mr. JONES. I imagine that is correct.

Mr. HALLEY. Now, you have also in the business your mother and your brother; is that right?

Mr. JONES. I think so.

Mr. HALLEY. And your mother is Harriet Jones?

Mr. JONES. Yes, sir.

Mr. HALLEY. And her interest is the same as yours, is it not?

Mr. JONES. Yes, sir.

Mr. HALLEY. So that in the year 1949, if you drew \$199,000, she would have drawn that, too; is that right?

Mr. JONES. I imagine; that is an accurate deduction.

Mr. HALLEY. And your brother also would draw the same amount?

Mr. JONES. That is right.

Mr. HALLEY. And that would be true in 1949, too?

Mr. JONES. The same condition existed.

Mr. HALLEY. Now, when was this wheel, the Maine-Idaho Club, founded; do you know?

Mr. JONES. I couldn't say offhand exactly when, sir.

Mr. HALLEY. Known as the Jones Brothers wheel, isn't it?

Mr. JONES. I never heard it referred to such as that.

Mr. HALLEY. There were three of you brothers and your mother who had the wheel originally, weren't there?

Mr. JONES. The Maine-Idaho?

Mr. HALLEY. Yes.

Mr. JONES. I don't think that is quite exactly the same name.

Mr. HALLEY. What was the name? And if you don't mind, why don't you try to tell the committee how you got into the business, and the early history of it? Could you do that?

Mr. PAYNE. I would like to register an objection to the question.

The CHAIRMAN. I am sorry, but what was the question?

Mr. HALLEY. I will reframe it. Would you state how you originally got into the policy business?

The CHAIRMAN. I think that is a proper question. It has been many years ago, I know.

Mr. PAYNE. As I understand the scope of the committee——

The CHAIRMAN. We want to know how these things were formed, how they get together.

Mr. PAYNE. I understand, sir, that the scope of the investigation covers the years from 1940 to 1950.

The CHAIRMAN. No; that isn't correct. We want to know how this sort of thing gets started and how it comes about. That is a very important part of our inquiry. We are not limited to any particular years. I think it is a proper question. I will direct you to answer the question.

Mr. PAYNE. Exception.

Mr. JONES. You would have to go back to the time I worked prior to the time——

Mr. HALLEY. Yes; surely.

Mr. JONES. I worked on the New York Central Railroad.

Mr. HALLEY. When was that?

Mr. JONES. That has been quite a while back.

Mr. HALLEY. Let's start out maybe before that. It may help to work your way up. When were you born?

Mr. JONES. '97.

Mr. HALLEY. 1897, and where?

Mr. JONES. In Greenville, Miss.

Mr. HALLEY. And when did you start to work?

Mr. JONES. I went to work pretty early, when I was in Mississippi.

Mr. HALLEY. And what was your first job?

Mr. JONES. In Mississippi, I drove a taxicab.

Mr. HALLEY. And when did you start working for the railroad, on any railroad?

Mr. JONES. It has been quite a while back.

Mr. HALLEY. Just approximately. We can't expect you to be too accurate, getting back many, many years.

Mr. JONES. I guess '27 or '28, something like that.

Mr. HALLEY. What sort of jobs did you have before you went to work for the railroad?

Mr. JONES. Well, I had a taxi line. I lived in Evanston for a while. I had a taxi line there. Well, a taxi line, that is all. I met this elevated station, hotels, things like that, passengers.

Mr. HALLEY. Was it your own business?

Mr. JONES. Oh, yes; it was mine.

Mr. HALLEY. How many taxis did you have?

Mr. JONES. Well, I had at one time, I think, around five or six.

Mr. HALLEY. Then you went to work for what railroad?

Mr. JONES. New York Central.

Mr. HALLEY. In what capacity?

Mr. JONES. As a porter.

Mr. HALLEY. Had you lost your money, your taxi business?

Mr. JONES. Well, I guess I would say I had slight reverses, things came on.

Mr. HALLEY. And how long did you work for the New York Central?

Mr. JONES. Oh, as I recall, I imagine it was about, I would say, 5 years.

Mr. HALLEY. Now, during that time, did you start the policy business?

Mr. JONES. Well, as I can remember, as I worked for the New York Central, I think I came, and I was kind of a writer, like.

Mr. HALLEY. A writer?

Mr. JONES. Yes, on a commission.

Mr. HALLEY. You were writing for somebody else's book, is that right?

Mr. JONES. Yes, sir.

Mr. HALLEY. Whose book were you writing for?

Mr. JONES. That has been quite a while back, I am sure.

Mr. HALLEY. When did you first start your own policy business?

Mr. JONES. That has been quite a little while now.

Mr. HALLEY. Well, was it while you were still working for the New York Central?

Mr. JONES. No, I think after I had quit this job on the New York Central.

Mr. HALLEY. That would be about the early 1930's?

Mr. JONES. I imagine something on that order.

Mr. HALLEY. Did you go into business alone or with your brother?

Mr. JONES. Well, as I recall, I think I went in with my brothers.

Mr. HALLEY. And where did you start the business?

Mr. JONES. You mean what place?

Mr. HALLEY. Yes.

Mr. JONES. I started——

Mr. HALLEY. Not the street address. Was it in Chicago?

Mr. JONES. I think so.

Mr. HALLEY. In what part of Chicago?

Mr. JONES. On the South Side.

Mr. HALLEY. On the South Side. Is it the general location where the business is now?

Mr. JONES. Well, I think they should be there, Mr. Halley. I haven't been here for quite a while. You must remember that. These other things that I say, I have no definite proof that these things are true. I just came into town.

Mr. HALLEY. Would you try to speak up a little louder? It would help all of us.

Mr. JONES. Yes, sir.

Mr. HALLEY. In what district was the business when you left it?

Mr. JONES. Well, when I left, that was about 10 years ago, they were on the South Side.

Mr. HALLEY. And in what police district, do you remember what ward?

Mr. JONES. Well, that was something that was—you could never say very definite, because you didn't stay in one place any length of time.

Mr. HALLEY. You spread all over the South Side?

Mr. JONES. Change about for your own benefit.

Mr. HALLEY. What capital did you and your brothers use when you went in?

Mr. JONES. Used whatever capital we had.

Mr. HALLEY. Did you have any other partners?

Mr. JONES. No.

Mr. HALLEY. Just you and your two brothers?

Mr. JONES. That is right.

Mr. HALLEY. And your mother was with you?

Mr. JONES. Yes, sir.

Mr. HALLEY. Now, did you have to make any arrangements with anybody to get permission to run a book on the South Side, at that time, policy book?

Mr. JONES. No; no.

Mr. HALLEY. You just started out?

Mr. JONES. Sure.

Mr. HALLEY. What did you have to do about police protection, for instance?

Mr. JONES. You didn't have that. You just did the best you could.

Mr. HALLEY. Didn't the police bother you?

Mr. JONES. Oh, sure.

Mr. HALLEY. Were you able to operate despite the fact that the police were bothering you?

Mr. JONES. Well, they always bothered. We were——

Mr. HALLEY. At that time did you belong to any political club?

Mr. JONES. No, no.

Mr. HALLEY. Had you given contributions to any political organization while you were in Chicago?

Mr. JONES. Well, I wouldn't say—no, nothing very definite amounts. Maybe if I had a precinct captain or someone in there who was looking for a donation or something at election time, possibly I would give him something to help him out.

Mr. HALLEY. Would you make a practice of that every election?

Mr. JONES. Well, I wouldn't say I would make a practice of it, but I guess if he came around and I was in the neighborhood and it was something you could do to help him out, you would do it.

Mr. HALLEY. You wouldn't make a practice of refusing in any event, would you?

Mr. JONES. Well, I don't think so. I don't think—I never gave it that much thought.

Mr. HALLEY. Did you contribute to any one party in particular or to both?

Mr. JONES. To both.

Mr. HALLEY. Anybody who asked you would give a contribution?

Mr. JONES. Well, I would——

Mr. HALLEY. Did the precinct captains in your district know the business you were in?

Mr. JONES. Well, I don't think they were so interested. Maybe, I guess so, but not to any great extent. They were more interested in getting the votes.

Mr. HALLEY. Did the police in your district know the business you were in?

Mr. JONES. Well, I never knew that.

Mr. HALLEY. Try to speak up.

Mr. JONES. Well, I am trying as hard as I can.

Mr. HALLEY. You now are just whispering.

Mr. JONES. No; am I?

Mr. HALLEY. You gave up your job as a Pullman employee, did you not?

Mr. JONES. Yes, sir.

Mr. HALLEY. You devoted all of your time to the wheel?

Mr. JONES. Well, no; I wouldn't say I gave my job up to do that, but eventually that was the way it worked out.

Mr. HALLEY. Well, the wheel became a very profitable business, did it not?

Mr. JONES. Well, from the deductions you just read——

Mr. HALLEY. Well, you know it. You spent the money. Wasn't it profitable?

Mr. JONES. Well, I imagine it was.

Mr. HALLEY. Now there came a time when somebody kidnaped you; is that right?

Mr. JONES. Yes, sir.

Mr. HALLEY. When was that?

Mr. JONES. That was about 5 years ago.

Mr. HALLEY. Before that had you gone to Mexico?

Mr. JONES. Yes, sir.

Mr. HALLEY. Had you already been in Mexico?

Mr. JONES. Yes, sir.

Mr. HALLEY. For how many years before the kidnaping were you in Mexico?

Mr. JONES. I would say about a little over 2 years.

Mr. HALLEY. What did you do, make trips back and forth?

Mr. JONES. No; I didn't. I stayed there in Mexico for the first 2 years, then I came back, and when I was here on this last trip I had this kidnaping.

Mr. HALLEY. Now before you went to Mexico, you were convicted of an income-tax violation; is that right?

Mr. JONES. That is right, sir.

Mr. HALLEY. In connection with income from the policy wheel?

Mr. JONES. Yes, sir.

Mr. HALLEY. Was it subsequent to that conviction that you decided to go to Mexico?

Mr. JONES. Subsequent to that.

Mr. HALLEY. And you made your home in Mexico City?

Mr. JONES. Yes, sir.

Mr. HALLEY. Was it on your very first visit to the United States that you were kidnaped?

Mr. JONES. No; I made another trip. When I went to Mexico, my brother had had an automobile accident, and they called me in Mexico—am I not speaking loud enough?

Mr. HALLEY. Not quite. Work harder at it, will you please?

Mr. JONES. And when they called me they told me that he had this accident and he was killed, and I came back to his funeral, and then I went back to Mexico, and then I came back this last trip, this is the time this incident happened, and that is the only time I have been back, up until now.

Mr. HALLEY. How long had you been back when you were kidnaped?

Mr. JONES. Oh, I would say maybe 3 months, 4 months.

Mr. HALLEY. Had you come back to stay permanently?

Mr. JONES. No, no; I didn't.

Mr. HALLEY. Were you active in the business when you returned?

Mr. JONES. No.

Mr. HALLEY. Were you engaged in any business?

Mr. JONES. Well, I had a Ben Franklin store.

Mr. HALLEY. Where was that?

Mr. JONES. On Forty-seventh Street.

Mr. HALLEY. In Chicago?

Mr. JONES. Chicago.

Mr. HALLEY. And were you actively attending to that business on your return trip?

Mr. JONES. No; I had a manager that was looking after the store.

Mr. HALLEY. What was the nature of the store?

Mr. JONES. It was a variety store.

Mr. HALLEY. Five and ten?

Mr. JONES. Five to a dollar.

Mr. HALLEY. And did you have any other business you were devoting your attention to?

Mr. JONES. No, nothing else, and really I wasn't devoting my attention to any of the business because I didn't intend to; I was only temporarily in Chicago.

Mr. HALLEY. Well, what were you doing here, just visiting?

Mr. JONES. That is all; just came in and I just stayed for a while.

Mr. HALLEY. Now, when were you kidnaped, was it in the daytime or in the evening?

Mr. JONES. In the night—in the evening.

Mr. HALLEY. Where were you picked up by the kidnapers?

Mr. JONES. Oh, it was near Forty-third and South Parkway.

Mr. HALLEY. On the street?

Mr. JONES. On the street.

Mr. HALLEY. How did it come about?

Mr. JONES. Well, I was in a car with my wife, and about five people with myself. We pulled up in front of the girl's house that looked after these things, and we were taking her home this particular night, and as we pulled up some fellows came up with guns, and that is all, kidnaped me, and threw a thing over my head. That is all.

Mr. HALLEY. Were all these people around?

Mr. JONES. Oh, yes; they were all there.

Mr. HALLEY. And were the people who kidnaped you white people or colored people?

Mr. JONES. Well, I couldn't say definitely, really, because they were all blindfolded also.

Mr. HALLEY. They had masks on?

Mr. JONES. Oh, yes.

Mr. HALLEY. What did they do with you?

Mr. JONES. Well, they put me in a car and they drove me some place, and they kept me there.

Mr. HALLEY. How long did they keep you?

Mr. JONES. From my recollection I imagine almost a week.

Mr. HALLEY. And you were able to give the police on your release no information that would help them apprehend the kidnapers?

Mr. JONES. The same as I am giving you now.

The CHAIRMAN. Just a minute. I believe counsel has something.

Mr. PAYNE. At the time of the kidnaping, is it not a fact the police car followed and tried to overtake them, and the kidnapers shot out the windshield?

Mr. JONES. Yes; I was mixed up in that. My wife was there.

The CHAIRMAN. Talk louder; we can't hear you.

Mr. JONES. My wife was there and she let out a yell of alarm, and it attracted a police car. They said there was some shots exchanged.

The CHAIRMAN. You heard the shots, didn't you?

Mr. JONES. But the shots were not exchanged with the car that I was in, because it must have been two cars, but of course they never got in touch with me because I wasn't released for a week.

Mr. HALLEY. Were you taken to a house somewhere?

Mr. JONES. I must have been. I was held for a week.

Mr. HALLEY. Were you blindfolded the entire week?

Mr. JONES. Yes, sir.

Mr. HALLEY. You never saw any of the people who held you?

Mr. JONES. No.

Mr. HALLEY. Did you talk to any of them?

Mr. JONES. No; they never bothered me.

Mr. HALLEY. They never even talked to you?

Mr. JONES. Well, they might have asked me if I wanted a cigar, or something like that, one word, or something; nothing of any importance.

Mr. HALLEY. They fed you, though?

Mr. JONES. Yes; they gave me some but I wasn't very hungry.

Mr. HALLEY. Nobody hurt you?

Mr. JONES. No; I wasn't hurt.

Mr. HALLEY. Now then, you were subsequently released; is that right?

Mr. JONES. Yes, sir.

Mr. HALLEY. And when you were released were you told anything?

Mr. JONES. I was only told not to turn my head until a certain length of time.

Mr. HALLEY. During all this time was there any talk between the kidnapers and yourself about the policy business?

Mr. JONES. Oh, no, no.

Mr. HALLEY. There was no discussion about the proceeds of your policy wheel?

Mr. JONES. No; absolutely none.

Mr. HALLEY. Was there any discussion with you about a ransom?

Mr. JONES. Well, I do remember they were trying to get a ransom but they never bothered me about it. I imagine they knew I had nothing there.

Mr. HALLEY. Well, did they ask you who they should get in touch with?

Mr. JONES. Who they should contact?

Mr. HALLEY. Yes.

Mr. JONES. Yes; well, they asked me about my brother, and of course my brother wasn't even here.

Mr. HALLEY. Where was he?

Mr. JONES. He was in Mexico City.

Mr. HALLEY. Who did they finally contact, Roe?

Mr. JONES. Roe, and finally my brother.

Mr. HALLEY. Did you give them Roe's address and name?

Mr. JONES. I think so, if I remember.

Mr. HALLEY. Did they sound as though they were colored or white people who kidnaped you, from their talk?

Mr. JONES. Well, that is very difficult. I couldn't be able to say, because there wasn't that much exchanged in words.

Mr. HALLEY. You were not able to give the police any help at all, in any way?

Mr. JONES. I gave them all the help I could.

Mr. HALLEY. Did you get any reasons that anyone was trying to muscle in on your wheel?

Mr. JONES. No; I don't think so. That is my opinion.

Mr. HALLEY. You think they just wanted the money?

Mr. JONES. That is all.

Mr. HALLEY. Now, after you were released what did you do?

Mr. JONES. Well, the police—well, I was picked up and taken to headquarters.

Mr. HALLEY. Now, you say you were taken to police headquarters?

Mr. JONES. Yes, sir.

Mr. HALLEY. And you made various statements there, I suppose?

Mr. JONES. Oh, yes, I answered everything that I could that they asked me.

Mr. HALLEY. And when the police finished with you what did you do?

Mr. JONES. I went home.

Mr. HALLEY. Now, how did the police happen to pick you up after you were released?

Mr. JONES. Well, they came by in a car and I was standing in a certain place, and I was picked up and taken to the police station.

Mr. HALLEY. Well, when your kidnapers turned you loose, did they turn you loose from an automobile?

Mr. JONES. From an automobile.

Mr. HALLEY. And you were still blindfolded?

Mr. JONES. Still blindfolded.

Mr. HALLEY. And they gave you some instructions not to remove the blindfold?

Mr. JONES. For a certain length of time. I think it was 5 minutes.

Mr. HALLEY. And you followed the instructions?

Mr. JONES. Oh, yes.

Mr. HALLEY. Then you did remove the blindfold?

Mr. JONES. Yes, sir.

Mr. HALLEY. And did you start moving in any particular direction?

Mr. JONES. Well, when I removed the blindfold I was standing in an alley.

Mr. HALLEY. What did you do?

Mr. JONES. Well, the first thing, I couldn't see very well because of the light. I'd been blindfolded for such a length of time.

Mr. HALLEY. Was it daytime?

Mr. JONES. No, it was night, and I saw the little lights in the street, and I move over toward the street. Then I went to a store. It's been so long I hardly know—and I called up. I called up my brother, I think, or called up someone, and I told him that I was released, and where I was, and then they came with a car and picked me up and they took me immediately to the police station.

Mr. HALLEY. Who paid the \$100,000? Did you eventually pay it?

Mr. JONES. No, I think my brother paid it.

Mr. HALLEY. Did you give the money back to him?

Mr. JONES. Well, I think I gave some back to him.

Mr. HALLEY. How much did you give back to him?

Mr. JONES. Well, I can't—I gave him, I imagine, at least a third or better of it, and my brother paid some and I paid some.

Mr. HALLEY. You split it up as a family affair?

Mr. JONES. Yes, sir.

Mr. HALLEY. And how long after that did you go back to Mexico?

Mr. JONES. Immediately.

Mr. HALLEY. You have acquired some substantial wealth in the policy business, is that right?

Mr. JONES. Well, I'd say, if you say so.

Mr. HALLEY. Well, what would you say?

Mr. JONES. I'd say "Yes."

Mr. HALLEY. What would you state would be your net worth today?

Mr. JONES. I couldn't say offhand.

Mr. HALLEY. You have stocks and bonds, do you not?

Mr. JONES. Yes, sir.

Mr. HALLEY. I note that in 1949, the last year, your dividends from stocks and bonds, I presume, were \$16,000; is that right?

Mr. JONES. That sounds reasonable.

Mr. HALLEY. And interest of \$3,000?

Mr. JONES. Interest?

Mr. HALLEY. Yes.

Mr. JONES. I guess so.

Mr. HALLEY. Was that on mortgages you hold or is that money in a bank?

Mr. JONES. No; I imagine it must be interest on different loans or some type or something.

Mr. HALLEY. Then you have an automobile agency in Mexico City?

Mr. JONES. Yes, sir.

Mr. HALLEY. And what is Jones & Payne?

Mr. JONES. That was a milk business that we had which is on the South Side.

Mr. HALLEY. Do you still have that?

Mr. JONES. No; we sold it.

Mr. HALLEY. When did you sell it?

Mr. JONES. Last year.

Mr. HALLEY. Then you have some property you rent?

Mr. JONES. Yes, sir. This year. We sold the milk business this year; you will pardon me, please.

Mr. HALLEY. You sold it this year?

Mr. JONES. Yes, sir.

Mr. HALLEY. And you still have your rental property?

Mr. JONES. Yes, sir.

Mr. HALLEY. There is an item "Station income." Could you state what that is?

Mr. JONES. Station income?

Mr. HALLEY. Yes.

Mr. JONES. No, I don't know what that is.

Mr. HALLEY. A small item, it is seven hundred-odd dollars.

Mr. JONES. Station income?

Mr. HALLEY. Do you have any station of any kind?

Mr. JONES. For me?

Mr. HALLEY. Yes.

The CHAIRMAN. Gasoline station?

Mr. JONES. Oh, I guess that must be some revenue I derived from a policy station, but it not—it is not my income, I think. It must be my wife's income.

Mr. HALLEY. A policy station?

Mr. JONES. I guess. I don't know.

Mr. HALLEY. What kind of a policy station would that be?

Mr. PAYNE. Excuse me.

(Mr. Payne conferred with Mr. Jones.)

Mr. HALLEY. I notice that you pay \$97 for a safe-deposit box. Do you have a very large safe-deposit box?

Mr. JONES. I haven't seen it, but it must be one that would be worth that money if they said I have it.

Mr. HALLEY. You have taken a deduction for a safe-deposit box of that amount in 1949. What sort of items do you keep in a safe-deposit box?

Mr. JONES. I keep securities, things of that type.

Mr. HALLEY. Do you keep any cash in the safe-deposit box?

Mr. JONES. No; I have no cash. You mean currency?

Mr. HALLEY. Currency.

Mr. JONES. No.

Mr. HALLEY. You have no currency whatsoever?

Mr. JONES. Well, I wouldn't say absolutely devoid, but no substantial amount.

Mr. HALLEY. Do you have a bank account in the United States?

Mr. JONES. Drexel and Drover's—Drexel National Bank and the Drover's National.

Mr. HALLEY. Do you keep a bank account in Mexico City?

Mr. JONES. Yes, sir.

Mr. HALLEY. Do you keep a safe-deposit box in Mexico City?

Mr. JONES. Yes, sir.

Mr. HALLEY. And one in the United States, too?

Mr. JONES. Yes, sir.

Mr. HALLEY. I have nothing else.

The CHAIRMAN. Mr. Robinson?

Mr. ROBINSON. I have no questions.

The CHAIRMAN. Are the safe-deposit boxes in your name? Are the safe-deposit boxes in your name in Mexico and also here?

Mr. JONES. Yes, sir. Could I explain to you—

The CHAIRMAN. Why do you have to have two?

Mr. JONES. In Mexico City?

The CHAIRMAN. Why do you have to have one here and one in Mexico City?

Mr. JONES. Because I have an automobile business in Mexico City and it is a rule there when you sell a car, they have what they call a factura, and when you sell a car there on a part-payment plan, you keep the factura until the car is entirely paid for, and we keep these facturas in this box.

The CHAIRMAN. What kind of automobiles do you handle?

Mr. JONES. All types.

The CHAIRMAN. You mean second-hand automobiles?

Mr. JONES. Second-hand and new cars, but we don't have an agency.

The CHAIRMAN. Do you have an automobile repair business, too?

Mr. JONES. Well, no, but we do repair the cars to put them in a salable condition.

The CHAIRMAN. Where do you get the automobiles from—Mexico, or do you buy them up here and send them down?

Mr. JONES. No, we buy them in Mexico because it is prohibited to bring cars from the States to Mexico.

The CHAIRMAN. How big a business is that?

Mr. JONES. Not a tremendous business. It is a small business.

The CHAIRMAN. \$50,000, \$25,000 a year?

Mr. JONES. No, not that large.

The CHAIRMAN. You have a hotel here, don't you?

Mr. JONES. Yes, sir.

The CHAIRMAN. A novelty store?

Mr. JONES. We sold that.

The CHAIRMAN. You wrote a note to your brother or to Mr. Roe, didn't you, to pay you out when you were kidnaped?

Mr. JONES. No.

The CHAIRMAN. You didn't write a note?

Mr. JONES. I wasn't permitted to.

The CHAIRMAN. Did you ever get arrested while you were here in the policy business?

Mr. JONES. You mean arrested for policy?

The CHAIRMAN. Yes.

Mr. JONES. I think so.

The CHAIRMAN. You think so?

Mr. JONES. Yes, sir.

The CHAIRMAN. How often?

Mr. JONES. I wouldn't say because I never really, I never took such an active part in the operation.

The CHAIRMAN. Well, once or twice, is that how often you got arrested, or three or four times?

Mr. JONES. Well, I would say in the length of time that number of times.

The CHAIRMAN. But you never served any time?

Mr. JONES. Only for income tax.

The CHAIRMAN. I mean policy. You never had to serve any time?

Mr. JONES. Only pay a fine, I think.

The CHAIRMAN. You paid a fine?

Mr. JONES. Yes, sir.

The CHAIRMAN. I am very much interested in that ring you have. Is that a star sapphire?

Mr. JONES. Yes, sir.

The CHAIRMAN. The largest one I ever saw. Where did you buy it, in Mexico?

Mr. JONES. No, here in Chicago.

The CHAIRMAN. Do you mind telling what you paid for it? It is not important.

Mr. JONES. I didn't buy it. It was a gift from my brother that was killed, on my birthday.

The CHAIRMAN. What do you value it at?

Mr. JONES. Well, I imagine a couple of thousand dollars.

The CHAIRMAN. More than that, I imagine.

Mr. JONES. I don't know.

The CHAIRMAN. That is all. Thank you, Mr. Payne.

(Witness excused.)

The CHAIRMAN. The committee will be in recess for 5 minutes.

(Short recess.)

The CHAIRMAN. The committee will come to order.

Marshal, will you invite any of our friends in and close the door. Lieutenant Butler, you haven't been sworn, have you? Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Lieutenant BUTLER. I do.

**TESTIMONY OF GEORGE BUTLER, DETECTIVE LIEUTENANT,
POLICE DEPARTMENT, DALLAS, TEX.**

The CHAIRMAN. All right, Mr. Robinson.

Mr. ROBINSON. Would you state your full name, please, for the record, Lieutenant?

Lieutenant BUTLER. George Butler.

Mr. ROBINSON. And what is your position?

Lieutenant BUTLER. Detective lieutenant, Dallas Police Department, Dallas, Tex.

Mr. ROBINSON. And how long have you been on the Dallas police force, Lieutenant?

Lieutenant BUTLER. Since May 1, 1936.

Mr. ROBINSON. And what is your particular detail at the present time?

Lieutenant BUTLER. At the present time I am assigned to the vice squad.

Mr. ROBINSON. Who is your chief there?

Lieutenant BUTLER. Chief Karl F. Hansen.

Mr. ROBINSON. Mr. Chairman, I would like to offer as an exhibit this chart of the policy wheel, 1945 to 1950, Chicago, Ill.; which is a chart made up from the information which is in the files of the committee which have developed here in the course of the investigation.

The CHAIRMAN. It will be made a part of the record as exhibit No. 62.

(Exhibit No. 62 appears in the appendix on p. 1409.)

The CHAIRMAN. This is information which you and the members of the staff got from files of the operators?

Mr. ROBINSON. Yes, sir.

The CHAIRMAN. What is this \$150,000,000 in the middle?

Mr. ROBINSON. That is the estimated play over a period of 5 years of all the policy wheels which have been in operation during that time.

The CHAIRMAN. Which you have examined the records of?

Mr. ROBINSON. No. This was accumulated from other information that we have received from sources and from examination of the records of some wheels and returns, and so forth.

The CHAIRMAN. Very well.

Mr. ROBINSON. Now, Lieutenant, do you know a Mr. Guthrie—Steve Guthrie?

Lieutenant BUTLER. Yes, I do.

Mr. ROBINSON. Was he on the police force with you?

Lieutenant BUTLER. Yes, sir.

Mr. ROBINSON. And some time in the year 1946 did he run for sheriff of the county?

Lieutenant BUTLER. Of Dallas County?

Mr. ROBINSON. Of Dallas County.

Lieutenant BUTLER. He was elected; yes, sir.

Mr. ROBINSON. And he was elected. Was he to assume office the following January, 1947?

Lieutenant BUTLER. That is right; yes, sir.

Mr. ROBINSON. Lieutenant, you have with you various notes that you have taken during the course of your investigation in connection with a person by the name of Paul Jones; is that correct?

Lieutenant BUTLER. That is right, sir.

Mr. ROBINSON. And if you wish to would you refer to your notes in case you have to refresh your recollection on any question that I may ask you?

Lieutenant BUTLER. Yes, sir.

Mr. ROBINSON. In the first place, would you state whether or not the notes that you have taken were notes that you put down in your

own handwriting immediately after or very shortly after any conversation you had with Paul Jones?

Lieutenant BUTLER. Yes, sir.

Mr. ROBINSON. Would you also state that you have in those notes records of any conversations that you had with a person by the name of Pat Manno, or Pat Manning?

Lieutenant BUTLER. These notes refer to Pat Manno; but inasmuch as the meeting with Pat Manno was recorded and is on the records, I didn't go into any great detail in my notes.

Mr. ROBINSON. I see.

The CHAIRMAN. I wonder if we could have any part of the notes photostated that may be of interest to the committee. Is that satisfactory?

Lieutenant BUTLER. Yes, sir.

The CHAIRMAN. We will see that that is done.

Mr. ROBINSON. We have a copy.

The CHAIRMAN. If you have copies then that is all right; we don't need them.

Mr. ROBINSON. If you can recall, Lieutenant, when did you first meet Paul Jones?

Lieutenant BUTLER. I arrested him in the early part of 1946. At that time there was a felony warrant issued for his arrest out of Cleveland, Ohio. He had given a hot check for an automobile there; and they sent down the warrant, and we arrested him.

Mr. ROBINSON. And do you know anything about his past record or past history?

Lieutenant BUTLER. Yes, sir. He was sentenced to life imprisonment in the State of Kansas for killing a State witness.

Mr. ROBINSON. And subsequently got out of prison in Kansas?

Lieutenant BUTLER. Yes, sir.

Mr. ROBINSON. And was he ever convicted in Texas?

Lieutenant BUTLER. Yes, sir. He was convicted for this crime of bribery.

Mr. ROBINSON. And was he sentenced?

Lieutenant BUTLER. Yes, sir. He was sentenced to 3 years.

Mr. ROBINSON. Did he take an appeal from that sentence?

Lieutenant BUTLER. Yes, sir.

Mr. ROBINSON. And what happened during the time of the appeal?

Lieutenant BUTLER. He went into the narcotic business, and the Government made a case on him for flying 60 pounds of opium over the Mexican border.

Mr. ROBINSON. And he was convicted in the Federal court and sentenced to the Federal penitentiary where he is now serving?

Lieutenant BUTLER. Yes, sir.

Mr. ROBINSON. Now, do you recall the conversation that you had with Paul Jones around October 9, 1946?

Lieutenant BUTLER. Yes, sir.

Mr. ROBINSON. And—

Lieutenant BUTLER. If you will let me refer to my notes, I can read exactly what took place as far as I could put it down at that time.

It might be good for the record here to give you a little background on this man at the time I picked him up and talked to him. Word

had gotten to the police department he was a representative of the Chicago syndicate, and there was a lot of friction and heat developed toward him down there. We expected momentarily to find him out in the ditch somewhere with a bullet in his head. Unfortunately, he missed that.

Mr. ROBINSON. Well, do you recall having a conversation with him around October 9, 1946, in which Mr. Jones stated to you that he was connected with a syndicate that operated from coast to coast, and Canada and Spain?

Lieutenant BUTLER. That is right, sir.

Mr. ROBINSON. And—

Senator KEFAUVER. What do your notes show about that? Would you amplify on it?

Lieutenant BUTLER. Yes, sir. The Federal Government has put a stop to his activity in Mexico temporarily.

He goes on to say the syndicate he is connected with operates from coast to coast, and in Canada and Spain. He stated he was going to be sent to Spain in the near future. He told me he was going to Chicago at 12:55 that night, and from Chicago he would go to New York City and pick up his wife, and return to Dallas in about a week or 10 days.

His outfit always kept up with his local doings. He only goes places where his outfit will know who he goes with. He claimed he could go into any fairly large city in the United States and his syndicate would have some connection there. In case he ran into any local trouble, he could call his office long distance, and they would send him all the money he needed or all of the men he needed. Or, he could get help from Maxie Gordon, whose phone number he had in his pocket.

He stated while he was in Mexico City someone broke into his apartment and stole a .38 caliber pistol, and he wanted me to find out if I could whether some officer broke into his apartment and took it in a search or some thief got it.

He brings in a man named Labriola. He said he was a stepson of Mangano, a big-time criminal.

Labriola was one of the men at large who was called in to settle differences for the syndicate.

Mr. HALLEY. Pardon me. Did he know at this time you were a police officer?

Lieutenant BUTLER. Yes, sir; he did.

Mr. HALLEY. Did he state the purpose of his telling these things to the police officer?

Lieutenant BUTLER. I asked him what he was doing and about the people that he represented. He didn't make any secret about it. He was very bold and open.

Mr. HALLEY. What was the purpose of your having the conversation with him?

Lieutenant BUTLER. To establish whether these rumors concerning him and his connections were true.

Mr. HALLEY. You just visited him and identified yourself?

Lieutenant BUTLER. Well, I had already arrested him, and he knew me. I arrested him on a felony warrant some time prior to this contact.

Mr. HALLEY. Go ahead. Thank you.

Lieutenant BUTLER. Yes, sir. In other words, I was questioning him about some men that have been brought down to Dallas from Chicago at a time prior to this conversation and he was telling about Labriola, a stepson of Mangano, who was a big-time Chicago criminal and that Labriola was one of the men at large who was called in to settle differences for the syndicate, in other words, a gunman; that Lipsky was one of the greatest con men in the country; that his outfit was buying lots of sugar for \$20 and \$21 a hundred pounds and reselling it for \$27.50 per hundred; that generally when they went into a town they opened through a fix who was powerful enough to run things, and in return his outfit did everything they could to keep the heat off of the town, and he mentioned Wichita Falls, Tex., being an unusual opportunity for them to make lots of money.

They were running whisky into Oklahoma from Wichita Falls, which is just a short distance from the Oklahoma State line; that in Dallas he was authorized to offer the new district attorney and sheriff \$1,000 per week each plus 12½ percent for complete protection; that the Jones boys, Negro policy operators in Chicago, paid \$200,000 for the snatch there and they were now in Mexico; that his outfit was making every effort to take over the wire service whose headquarters are in Chicago and whose take is approximately \$1,000,000 a week over the country; and should his syndicate get a fix in the county, that is, Dallas County; and in the new city government, that they were—I can't read this here.

Mr. ROBINSON. Did he state they were going to move in the next May?

Lieutenant BUTLER. Yes, sir; going to move in May. His outfit will see to it personally that much local crime is eliminated by persuasion. Most of the black market. I believe that is, handled by his outfit, goes to Spain by way of Veracruz, Mexico, and packages that all of this stuff is shipped in is packed in mahogany crates down there, which crates themselves bring a considerable price in Spain; that the Dallas people who operate for his syndicate are well known locally, none of the operators are ever—wait a minute. My eyes are bad. Mr. Robinson, I will have to—this writing is not too good.

Mr. ROBINSON. Did he state at the time to you that the syndicate operations, that none of the syndicate operations are ever operated by people brought in from the outside, but arrangements are made for the operation to be done by local people who front for the outside interests?

Lieutenant BUTLER. That is what he said. None of the operations are ever operated anywhere by people brought in from the outside, but by local people who front for them.

His outfit has a large number of slot machines they can and will move into this area when they get the go-ahead signal.

Mr. ROBINSON. Now, Lieutenant—

Lieutenant BUTLER. Yes, sir.

Mr. ROBINSON. Did you have a conversation with Jones around October 26 of 1946?

Lieutenant BUTLER. October 26?

Mr. ROBINSON. In other words, I don't want to question you about all of the conversations that you have had with Jones, but I would like to question you about certain specific ones that you have.

Lieutenant BUTLER. On October 26, I again contacted Paul Jones, who said starting the first of the year his people were really coming into their own; the Nation-wide wire service formerly operated by Ragen should be operated by his syndicate under the name of Midwest Wire Service. By having control of this service they would have a good lever with which to pry further into profitable sources of income.

That they were going to expand their liquor interests in Dallas, and that Steve—that is, the sheriff—could really do himself a lot of good when he goes in by operating through their set-up.

That, after Steve had held office one term and wanted to run again, his outfit, would buy off all competition and pay all of his campaign expenses out of their end of the profit.

Also that, come election time, Steve would get letters from his good friends.

And he mentions some pretty important people in this country.

Congratulating him on his wonderful record and expressing a hope that the good people of Dallas would see fit to reelect him.

Mr. ROBINSON. Did he say at one time during that same conversation that dice and card games and bookie joints would be operated under the same set-up, and other forms of gambling?

Lieutenant BUTLER. I will just read here, if it is all right.

Under the new system under which his syndicate operates, the sheriff or the district attorney, whichever one they make their deal with, enters into a 50-50 partnership with each other.

That is, the syndicate and the man they make the fix with go into a 50-50 deal.

That Steve could pick out any friend of his he liked and trusted, and the Chicago outfit would set this friend up in the coin-machine business, furnishing him with all the capital and equipment necessary. This friend would operate the business on a strictly business basis, keeping track of every cent coming in and going out.

The syndicate would furnish this lucky operator with a machine mechanic and a good well-coached accountant to handle the books for Uncle Sam's sake. Otherwise Steve's man would be on his own.

In addition, should any slot-machine thief or rival operator steal a machine or cause any trouble to the new operation, they would be broke of the habit.

In the big crap game they would like to own, the same kind of deal would be made. Their syndicate would furnish expert operators working under the supervision of local people. After all expenses and payoffs to other grafters in his outfit, the syndicate and Steve would divide the net profits.

Also, Steve would get 50-50 on the wire service, football and baseball service, political races, and all like income from other bets.

This "super-duper" crap game would pay for the big boys. It would be a nonlimit game and will be fair and square. Of course, he says his outfit will furnish dice experts to keep some dice-sharp from cheating them.

There will be no set-up to contend with like the recently publicized Freddy Murray and Doub McClanahan mess, where it was a frame-up, and they met later to divide the take.

In order to keep the rest of the courthouse grafters pacified, each would be paid a weekly fee, all of which to come out of the gross profits.

He estimated that Steve could make \$150,000 a year, maybe more. When I asked him who in his opinion was locally qualified enough to handle a big set-up like this, he suggested——

The CHAIRMAN. Well, I don't know who the name is, but I don't know whether you want that?

Lieutenant BUTLER. Later investigation proved that these people were being used there, that they had no connection with organized gambling in any way.

The CHAIRMAN. I mean, the people you mentioned, the investigation shows they were not connected and they were being——

Lieutenant BUTLER. Used; yes, sir.

The CHAIRMAN. Then don't give the names.

Mr. ROBINSON. Lieutenant, in the course of that conversation did he say that the syndicate had control of many other towns, and did he name any of the towns?

Lieutenant BUTLER. Yes, sir; he named——

Mr. ROBINSON. Do you remember any of the towns he named?

Lieutenant BUTLER. He named St. Louis, Kansas City, New Orleans, Little Rock, to name a few.

He says St. Louis, Kansas City, New Orleans. Little Rock, to name a few, were well oiled, and everybody was making money.

Mr. ROBINSON. Well, during that same conversation did he ask you whether or not you knew the newly elected sheriff, Guthrie?

Lieutenant BUTLER. Yes, sir; he did.

Mr. ROBINSON. And did he show quite an interest in Guthrie?

Lieutenant BUTLER. Yes; he did.

Mr. ROBINSON. And wanted you to make a contact with Guthrie?

Lieutenant BUTLER. He wanted me to introduce Guthrie to him; yes, sir.

Mr. ROBINSON. And did you subsequently make arrangements for him to—that is, Jones, to meet Guthrie?

Lieutenant BUTLER. Well, not at that time. I didn't encourage the man or didn't feel like that—I thought he was just a promoter, and I didn't want to get mixed up in it, and I went on my vacation, and a few days later he called me at home.

Mr. ROBINSON. Well, you—all during this time you were reporting these facts to your chief?

Lieutenant BUTLER. Yes, sir.

Mr. ROBINSON. Chief Anson?

Lieutenant BUTLER. That's right, sir.

Mr. ROBINSON. And then you went on vacation?

Lieutenant BUTLER. Yes, sir.

Mr. ROBINSON. And did you subsequently make arrangements for Jones to meet Guthrie?

Lieutenant BUTLER. Yes, sir; I did.

Mr. ROBINSON. In the meantime had there been some arrangements made to have the meeting take place at Guthrie's home?

Lieutenant BUTLER. Yes, sir; after Jones persisted in meeting this man, I went to the sheriff, Steve Guthrie, sheriff-elect, and told him that I thought it was a wonderful opportunity for us to find out how this syndicate operated and how they forced their way into these towns, and would he cooperate with the police department in setting up a recording of all the conversations and negotiations that Jones wanted to conduct, and he agreed to do this; and we called Chief Homer Garrison, of the State department of public safety in Texas, who agreed to send a ranger up there to record these negotiations, and he also sent a photographer up there to take pictures of these characters who came in and left.

Mr. ROBINSON. Now, do you remember the first date of the meeting at Guthrie's home and who was present?

Lieutenant BUTLER. I believe—

Mr. ROBINSON. Was that around November 1?

Lieutenant BUTLER. It was around November 1; yes, sir.

Mr. ROBINSON. And who was present at Guthrie's home?

Lieutenant BUTLER. On November 1, Paul Jones met Steve Guthrie and Butler at Steve's house at about 8 p. m. and stayed until about 1:30 a. m. All conversation was recorded by Deb Naylor, of the department of public safety. Present at the meeting were Paul Jones, Steve Guthrie, and myself. Naylor and his helper recorded all of the meeting from a bedroom in Guthrie's home. The equipment was set up in a room adjoining this little room that we were in.

Mr. ROBINSON. Now, were there other meetings at Guthrie's home at which time recordings took place? In other words, do you recall whether recordings of meetings were taken on the 6th or 7th of November?

Lieutenant BUTLER. Yes, sir; that is right.

Mr. ROBINSON. And what were the other dates of recordings? Was there one on—

Lieutenant BUTLER. Well, sir; I'd like to interrupt you here.

Mr. ROBINSON (continuing). December 13?

Lieutenant BUTLER. On November 3 Jones called me from Chicago and said that he would be in Dallas Tuesday with his top people. That was a long-distance phone call. He said there would be three from Chicago and two from Las Vegas. Then again on the 5th those boys came in on a plane, and I met them on the 6th.

Mr. ROBINSON. Now, do you recall, Lieutenant, whether at one of the recordings or at some other time when you were talking to Jones the name of Jack Guzik came up?

Lieutenant BUTLER. Yes, sir; he mentioned the fact that Jack Guzik was a headman or one of the headmen in the syndicate that he was interested in.

Mr. ROBINSON. And do your notes show at what meetings Pat Manno or Pat Manning was present?

Lieutenant BUTLER. That was on November 7.

Mr. ROBINSON. And what about the circumstances, from your conversation with Jones, by which or under which Pat Manning came to Texas?

Lieutenant BUTLER. Well, naturally, during the course of the conversation with Jones we wanted to establish definitely who he was connected with in Chicago and told him that we wanted to meet some of

these people that he had been bragging about, so he brings Pat Manno, or Pat Manning, down to Dallas.

Mr. ROBINSON. Was he one of the top people that Jones referred to?

Lieutenant BUTLER. Paul Jones said that he was the fifth man in the syndicate up here.

Mr. ROBINSON. He told you that at one of the conversations you had with him?

Lieutenant BUTLER. Yes, he did.

Mr. ROBINSON. Was that when just you and he were present?

Lieutenant BUTLER. I believe it was; yes, sir.

Mr. ROBINSON. Were there times when a person by the name of Jack Knapp or Jack Knappi was present?

Mr. BUTLER. Yes, sir. He arrived in Dallas, I think, for the first time on November 6.

Mr. ROBINSON. Do you know anything about his background?

Lieutenant BUTLER. I was told by Jones that this man originally had the whole State of Wisconsin for that syndicate, and he was a nephew of Pat Manning's.

Mr. ROBINSON. Did this fellow Jones ever at any time in any of his conversations with you refer in any way to the Mafia? Do you recall any conversations with him?

Lieutenant BUTLER. Well, the only thing that I can recall him saying about that, I asked him about it one time, and he said that the men that controlled this syndicate were connected with the Mafia.

Mr. ROBINSON. Were what?

Lieutenant BUTLER. Were connected with it.

Mr. ROBINSON. He gave you no further information than that about it?

Lieutenant BUTLER. No, sir. He was just a little hesitant to talk on that subject, apparently.

Mr. ROBINSON. Did Jones ever offer you any money?

Lieutenant BUTLER. Yes, sir.

Mr. ROBINSON. I mean prior to the time that these meetings were set up that took place in Guthrie's home?

Lieutenant BUTLER. Well, during this period of time that these meetings went on, he gave me a \$20 bill and a \$50 bill and a 3-57 Magnum pistol, all of which was turned over to the chief of police, placed in the property room, and presented at the trial as evidence.

Mr. ROBINSON. To your knowledge when did Manning first arrive in Texas or Dallas?

Lieutenant BUTLER. On November 6 Jack Knapp, Paul Jones, Steve Guthrie, and myself were at Guthrie's home, and along about 6 o'clock they suddenly remembered that they had to meet an airplane from Chicago which Manning was arriving on. We checked the manifest or, that is, the bill of the passengers there and established the fact that he did come in. He registered at the Adolphus Hotel in Dallas, in room 1044.

Mr. ROBINSON. Did he go from there to Guthrie's home?

Lieutenant BUTLER. Well, now that was on the 6th, and the next morning at 8:40 Pat Manning, Jack Knapp, Steve Guthrie, Paul Jones, and myself all met at Guthrie's home.

Mr. ROBINSON. Were there any pictures taken of these people at Guthrie's home?

Lieutenant BUTLER. Yes, sir; due to the early hour of the morning, 8:40, the sun was bad, against us, where we couldn't get any pictures of him coming up the driveway. The photographer had been concealed in the garage, but as they left, of course, it being 11:40, the sun was in better shape. We did get some better pictures. However, they were walking away from the camera.

Mr. ROBINSON. I am showing you a photograph, marked "Exhibit No. 63," and ask you whether or not you can identify that picture?

Lieutenant BUTLER. Yes, sir. That is Manno in the center.

Mr. ROBINSON. Was that a picture that you took at the time?

Lieutenant BUTLER. That is a picture made by the Department of Public Safety photographer; yes, sir.

Mr. ROBINSON. Can you identify the people with Manno from your own recollection? Can you identify anyone else with Manno?

Lieutenant BUTLER. The one on Manno's right is Paul Jones. The one on the left, concealed by his shoulder, I know that is Jack Knapp but I couldn't identify him from this picture.

(Exhibit No. 63 appears in the appendix on p. 1410.)

Mr. ROBINSON. How many recordings were there made of the several meetings that took place?

Lieutenant BUTLER. Well, there were 42 records made.

Mr. ROBINSON. Were those records transcribed by the police department or by some other department connected with the city of Dallas or the State of Texas?

Lieutenant BUTLER. Yes, sir. They were transcribed by the technician, the man that made the recordings, in cooperation with the Dallas district attorney's office.

Mr. ROBINSON. Lieutenant, I am going to show you this document and ask you if you can identify that as a partial transcript of the recordings that were made.

Lieutenant BUTLER. Yes, sir.

Mr. ROBINSON. You have read all of the transcript and heard all the recordings yourself?

Lieutenant BUTLER. Yes, sir.

Mr. ROBINSON. Mark this as "Exhibit 64."

(Exhibit No. 64 is on file with the committee.)

Mr. ROBINSON. Now, during the course of the meetings with Manning, either at Guthrie's home or elsewhere, was any money shown or passed at any time?

Lieutenant BUTLER. After the meeting broke up that morning at Guthrie's home—

Mr. ROBINSON. What morning was that?

Lieutenant BUTLER. That was on November 7, 1946, at 11:40. Paul Jones, Jack Nappi, Pat Manno—Pat Manning—and myself left Guthrie's home and entered my car, parked in front of Guthrie's house. They had asked me to take them to town, which I agreed to do.

I got in the front seat with Paul Jones. Jack Nappi and Pat Manning were in the back seat. And before I could start the motor, Manning said, "Wait." And he opened the door and handed Paul Jones what appeared to be a large roll of bills. Jones then went into the house, and later Guthrie told me that Jones had offered him this huge roll of bills, but about that time this ranger who had set up his recording equipment under the house had crawled out of this cubbyhole

that he crawled through the floor, and had scared both of them; and Jones came on out. Of course, the money did not change hands.

Mr. ROBINSON. Was there any other time when Manning made any display of money?

Lieutenant BUTLER. While the negotiations were going on in the house I noticed Manning reach into his pocket and pull out this roll of bills. They were of large denomination. Not being familiar with bills of that sort, I thought at first they might be \$1,000 bills, but I believe they were hundreds. But it was a considerable roll.

Mr. ROBINSON. Did you ever have any discussions—

The CHAIRMAN. How big a roll? As big as this glass?

Lieutenant BUTLER. It was about that thick—folded double; folded right like this in two, and doubled over.

Mr. ROBINSON. Could you see what the denominations were, Lieutenant?

Lieutenant BUTLER. I believe they were \$100 bills.

Mr. ROBINSON. Did you ever have any discussions with Manning himself, apart from these that were recorded, about policy wheels?

Lieutenant BUTLER. Well, during—in this record I am sure there was quite a conversation took place in the Guthrie home about policy, in which Pat admitted that that was his business, and he had been in the business for 17 years here in the city of Chicago; that he had a section here, but that he remained in the background, and he avoided trouble in every way that he could.

He further stated a little later on, he asked a lot about the drawings there, how they were handled, how many Negroes were in Dallas, and what he estimated the average annual business would be, and so forth and so on.

Mr. ROBINSON. Did he ask you how many wheels were operating in Dallas?

Lieutenant BUTLER. I am sure he did, yes, sir. Talked about the tickets, what they looked like, how many drawings a day, and he told Guthrie that would be part of the set-up, if they made the deal and took over, and he told me later, he said, "When Steve raids that policy joint and confiscates that equipment, tell him not to tear up that machine because I will buy it back from him."

Mr. ROBINSON. Now, Lieutenant, I would like to just read one of the typical statements made by Manning, taken from the transcript. At this time, Manning stated as follows:

I don't run any of those places up there, gambling or anything like that. I got my own territory. I got certain business that I take care of for the last 16 or 17 years. I do very well, living comfortably, worry about nothing. As far as the set-up, these places like dice rooms, or horse rooms, and things like that, that is like another department, I would call it. If I had a fellow sitting here with me, runs a certain game, he could just give it to you in a minute. He could tell you what to expect and all that sort of stuff, you see. But, I have my own little concession, and that is the end.

Do you recall him making that statement?

Lieutenant BUTLER. Yes, sir.

Mr. ROBINSON. Do you recall also that he made the following statement, when Guthrie asked him this: "What do you know about the policy here, or do you know anything about it?" Manning said, "That is my policy." Guthrie stated: "Is it? Well, now they have

about eight wheels here." Manning stated: "Policy is my business, that I could run. I have been at it for 17 years."

Do you recall those statements?

Lieutenant BUTLER. Yes, sir, that is right.

Mr. ROBINSON. Now, did Jones ever make any mention to you about the narcotics business?

Lieutenant BUTLER. Yes, sir, he did. He was more or less persistent along that line, because that was one of the assignments that I had, was looking into that narcotic business. He stated at any time that I would run into a large narcotic haul, that he would take it off my hands, and we could sell it and split the profits. He had a customer that would take up to \$800,000 worth of it at one time, no questions asked.

Mr. ROBINSON. During the time that the recordings were made and the meetings were held at Guthrie's home, did Jones go into a rather detailed discussion of how the syndicate operated in the various cities?

Lieutenant BUTLER. Yes, sir; he did.

Mr. ROBINSON. And those were, of course, all contained in the recording?

Lieutenant BUTLER. Yes, sir.

The CHAIRMAN. Well, Lieutenant, you have all of these recordings that you are talking about?

Lieutenant BUTLER. Yes, sir.

The CHAIRMAN. Did you bring them all here?

Lieutenant BUTLER. Yes, sir. Incidentally, these recordings were taken from the Texas Supreme Court, who requests they be returned after this meeting up here.

Mr. ROBINSON. Well, we have transcriptions of what they are.

The CHAIRMAN. Let's have a sample of what they sound like, first. First—

Lieutenant, how long have you been in the police department?

Lieutenant BUTLER. Since May 1, 1936.

The CHAIRMAN. I believe you were half-back at Texas University?

Lieutenant BUTLER. I was warming the bench most of the time at Texas A. & M.; played guard. You are the man that played back-field at Tennessee?

The CHAIRMAN. I was a bench warmer, too.

All right, let's have a sample and see how one of the records sounds. (Playing of records.)

The CHAIRMAN. I believe that is enough. Is that typical of the 42 records, how many, 32?

Lieutenant BUTLER. There are 42, Senator.

The CHAIRMAN. Forty-two records?

Lieutenant BUTLER. Yes, sir.

Mr. HALLEY. I have just one question. I think you mentioned that Jones said Manno was No. 5 in a syndicate?

Lieutenant BUTLER. Yes, sir.

Mr. HALLEY. Did Jones or Manno ever tell you who the first four were?

Lieutenant BUTLER. No, sir; they did not. Now, Jones told me that Guzik was the head of it.

Mr. HALLEY. He mentioned Accardo, did he?

Lieutenant BUTLER. No, sir.

Mr. HALLEY. Or Fischetti?

Lieutenant BUTLER. No, sir.

Mr. HALLEY. Humphreys?

Lieutenant BUTLER. Yes, sir, he talked about Murray Humphreys. In fact, he indicated Humphreys was a pretty big man.

Mr. HALLEY. Were there any other people he mentioned as being big men in the syndicate?

The CHAIRMAN. DeLucia, do you remember him?

Lieutenant BUTLER. No, sir; he didn't mention him. Waxey Gordon, he mentioned him in the recording. No, he mentioned him in one of the first meetings I had. He did not mention Waxey Gordon in the recording.

The CHAIRMAN. How about Ricca, did you hear that name.

Lieutenant BUTLER. No, sir.

Mr. HALLEY. Who did Manno say were his contacts?

Lieutenant BUTLER. He didn't say. He said in this recording that you heard just now that he was down there to look the thing over and go back and report to his people. You will recall that conversation.

Mr. HALLEY. In other words, he was telling you as the representative of the police that he was looking the thing over for the syndicate to see if the syndicate would come in and operate the town in collaboration with the police and sheriff, is that right?

Lieutenant BUTLER. I asked Pat Manning, I said, "How dependable is Paul Jones? How much can we believe of what he says?"

And he said, "Well, I wouldn't dare to mention people in Chicago unless I was telling the truth."

Mr. HALLEY. That is all.

The CHAIRMAN. Do you have anything else?

Mr. ROBINSON. No.

The CHAIRMAN. Well, Lieutenant, we are very grateful to you for the trouble you have gone to in helping us with our inquiry and bringing these records up so we can have a transcription of them made. I think you deserve to be complimented on catching this thing before it got started down in Dallas.

Lieutenant BUTLER. They caught me. That is all.

The CHAIRMAN. We are very much obliged to you.

Lieutenant BUTLER. Thank you, sir.

The CHAIRMAN. Well, that completes our hearing tonight. The committee will recess until 9:30 tomorrow morning.

(Whereupon, at 11:10 p. m., Tuesday, December 19, 1950, the hearing was recessed until 9:30 a. m., Wednesday, December 20, 1950.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

WEDNESDAY, DECEMBER 20, 1950

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
Chicago, Ill.

The committee met, pursuant to recess, at 9:30 a. m., in room 267, United States Courthouse, Senator Estes Kefauver (chairman) presiding.

Present: Senator Kefauver.

Also present: Rudolph Halley, chief counsel; George Robinson, associate counsel; Henry P. Kiley, William Amis, and Julius Cahn.

The CHAIRMAN. The committee will be in order, please.

Mr. HALLEY. Pat Manno, please.

The CHAIRMAN. Good morning, gentlemen. May I have your name, counsel?

Mr. GREEN. Joseph E. Green, One North La Salle Street, Chicago, Ill.

The CHAIRMAN. Pull up a chair, counsellor.

All right, Mr. Robinson.

Raise your right hand be sworn, please, Mr. Manning.

Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MANNING. I do.

**FURTHER TESTIMONY OF PATRICK MANNING, ALIAS MANNO,
WINNETKA, ILL., ACCOMPANIED BY JOSEPH E. GREEN, ATTOR-
NEY, CHICAGO, ILL.**

Mr. ROBINSON. Will you state your full name, please?

Mr. MANNING. Patrick Manning.

Mr. ROBINSON. Where do you live, Mr. Manning?

Mr. MANNING. 760 Lamson Drive.

Mr. ROBINSON. Chicago?

Mr. MANNING. Winnetka, Ill.

Mr. ROBINSON. Winnetka?

Mr. MANNING. Yes, sir.

Mr. ROBINSON. How long have you lived there?

Mr. MANNING. Oh, a couple of years.

Mr. ROBINSON. Do you have any other residence?

Mr. MANNING. I have a room at the Stevens Hotel.

Mr. ROBINSON. What room?

Mr. MANNING. 1318.

Mr. ROBINSON. What is it? Will you keep your voice up as high as you can?

Mr. MANNING. 1318-A.

Mr. ROBINSON. How long have you been living at the Stevens Hotel, Mr. Manning?

Mr. MANNING. Several years.

Mr. ROBINSON. But your family lives out at Winnetka; is that right?

Mr. MANNING. That is right, sir.

Mr. ROBINSON. How long have you had your home in Winnetka?

Mr. MANNING. About 2 years.

Mr. ROBINSON. Do you know Tony Accardo?

Mr. MANNING. No, sir.

Mr. ROBINSON. You don't know him?

Mr. MANNING. No, sir.

Mr. ROBINSON. You never met him?

Mr. MANNING. No, sir.

Mr. ROBINSON. Do you live in the same neighborhood as Mr. Accardo?

Mr. MANNING. I beg your pardon?

Mr. ROBINSON. Do you live in the same neighborhood as Mr. Accardo?

Mr. MANNING. I do not live in the same neighborhood.

Mr. ROBINSON. Does your family, your wife, know the Accardo family?

Mr. MANNING. I don't know. Maybe my ex-wife did, my former wife.

Mr. ROBINSON. But you don't know him or never have met him?

Mr. MANNING. No, sir.

Mr. ROBINSON. You would not recognize him if you saw him on the street?

Mr. MANNING. I believe I would. His pictures have been plastered all over the newspapers.

Mr. ROBINSON. When is the last time you saw him?

Mr. MANNING. I never saw him—oh, the last time—

Mr. ROBINSON. You never saw him?

Mr. MANNING. The last time was about 2 or 3 years ago. We lived in the same village there, and I had occasion to see the man. I have two little girls and they used to play with his children.

Mr. ROBINSON. You say you lived in the same building with him?

Mr. MANNING. No; the same village.

Mr. ROBINSON. The same village?

Mr. MANNING. Village; yes.

Mr. ROBINSON. Yes. Where was that?

Mr. MANNING. River Forest.

Mr. ROBINSON. Did you have a home there?

Mr. MANNING. No, sir.

Mr. ROBINSON. Where did you live, in an apartment?

Mr. MANNING. No; I had a home there.

Mr. ROBINSON. But you just said—

Mr. MANNING. You said if I have a home and I said no. I did have.

Mr. ROBINSON. You must have misunderstood me. I said, did you have a home in River Forest?

Mr. MANNING. Yes, sir.

The CHAIRMAN. Gentlemen, I will have to ask that you excuse me for a moment.

(A short recess was taken.)

The CHAIRMAN. All right, Mr. Robinson.

Mr. ROBINSON. Mr. Manning, how long did you live in River Forest?

Mr. MANNING. Oh, about 2 years.

Mr. ROBINSON. And did you ever meet Mr. Accardo while you were living in River Forest?

Mr. MANNING. No, sir.

Mr. ROBINSON. Did you ever see him on the street?

Mr. MANNING. Well, like I repeated a minute ago, I seen him in a lot once. I had occasion to see him in a lot with his children.

Mr. ROBINSON. Did you speak to him?

Mr. MANNING. No, sir.

Mr. ROBINSON. Your present home—what did you pay for that?

Mr. MANNING. I decline to answer on the grounds—I decline to answer the question on the grounds it may tend to incriminate me.

Mr. ROBINSON. You don't wish to—

The CHAIRMAN. Well, I hope we are not going to have difficulty with you today, Mr. Manning.

Mr. MANNING. Mr. Chairman—

The CHAIRMAN. I can't see that what you paid for your home—

Mr. MANNING. In answer that question—

The CHAIRMAN. Would incriminate you. We want to be fair with you, we are going to try not to ask you any questions that would incriminate you of a Federal offense. Of course, you have no immunity or privilege to refuse to answer questions that might incriminate you in a State offense.

I think I should point out to you, as your counsel has, that the testimony you give here, even though this be a public hearing, you can't repeat in another court what you testify here under the Federal statutes, so you will be directed to answer that question.

Mr. MANNING. Well, Mr. Chairman, as a matter of record, I would like to make a statement.

The CHAIRMAN. All right, sir.

Mr. MANNING. In answer to that question, I now assert my constitutional privilege.

The CHAIRMAN. You refuse to follow the order of the chairman in directing you to answer the questions? Yes or no?

If you refuse to follow the direction, why that is your privilege to do so. Of course, we will have to see what we can do about it.

Mr. MANNING. Let me finish my statement.

The CHAIRMAN. All right.

Mr. MANNING. In answer to that question, I must assert my constitutional privilege and decline to answer that question on the ground it may tend to incriminate me.

The CHAIRMAN. Well, we are—

Mr. MANNING. It may be used as evidence, it may be used as evidence of criminal violation by me of Federal laws or internal-revenue laws.

The CHAIRMAN. Are you now under investigation for internal-revenue violation?

Mr. MANNING. I decline to answer that question on the ground it may tend to incriminate me.

The CHAIRMAN. Well, it certainly doesn't incriminate you if you are just under investigation, does it?

Mr. MANNING. I decline to answer that question on the ground it may tend to incriminate me.

The CHAIRMAN. All right. Very well. Apparently we are getting off to a mighty bad start, Mr. Counsel.

Mr. GREEN. Senator—

Mr. MANNING. Any questions—

Mr. GREEN. Somewhat in amplification of the statement that has been given by Mr. Manning, and in response to remarks of the Senator respecting the immunity statute, it is our feeling, in fact our firm belief, that the only immunity which can be given us by this committee or any committee of the Congress is the immunity that is afforded, I think, by section 3486 of title XVIII.

We feel that that immunity is at best a partial immunity. That immunity only prohibits this committee or any other Federal body taking the testimony that is given and repeating that in any court in any criminal prosecution.

That certainly doesn't prevent this committee or any other body, State or Federal, particularly Federal, taking the evidence that is given and developing leads on it, going out and getting clues upon which other possibly successful prosecutions might be based.

Now, as the Chair knows, that idea is not entirely novel with us. It is the idea that was expressed by counsel for Hitchcock way back in 132 U. S., there expressed by Justice Blackford. It was reaffirmed only last year—this year, rather—in the Bryant case in 339. Mr. Manning has been advised of those rules.

The CHAIRMAN. All right, Mr. Green, we understand the law and we are glad to have your opinion about it.

But the rule we follow, and we think we are backed up by the decisions of the Supreme Court, is, in the first place, the witness has no right to refuse to answer on the ground that it might incriminate him of a State offense. I think you will agree with that.

Mr. GREEN. That is granted.

The CHAIRMAN. The second point is that the privilege can only be asserted as to a Federal offense if it is definitely one of the important links in the chain. In other words, in the Communist case the other day.

There the Supreme Court held that where two things are necessary in order to constitute an offense under the Smith Act—one, that a person be a Communist, and, second, that he commit some overt act, which are the two prerequisites under the Smith Act—that you can't require under the fifth amendment for them to testify as either one of those two component parts of the things that would go to make up a crime under the Smith Act.

We will recognize that, and I won't allow any question to be put to the witness, to the best of my ability, which I think comes under the rule of that case.

This witness has refused to answer how much he paid for his home. He has refused to answer whether he is under investigation or not.

So, I am not going to argue the point with you. You or he make your objections and I will either order or not order him to answer the questions, and we might as well get on.

Mr. GREEN. Not meaning to press the point, but merely to expand what has already been said for the sake of the record, any activity of Mr. Manning—

Mr. MANNING. I would like to answer that—

Mr. GREEN (continuing). Touching upon his business, his occupation, or anything else concerning his commercial transactions, any person who may be investigating him, all might tend to show a link or a clue or some kind of lead that might show him guilty of a Federal offense, including internal-revenue laws.

The CHAIRMAN. The first decision on that will be made by the chairman of the committee, and the second decision will be by the court where the matter is brought.

Mr. ROBINSON. How many brothers do you have, Mr. Manning?

The CHAIRMAN. Let the record show that you have been directed to answer these questions. I will direct you to answer them. You will either say you will or you refuse, and we will get along.

Mr. ROBINSON. How many brothers do you have?

Mr. MANNING. Four.

Mr. ROBINSON. Will you name them?

Mr. MANNING. Nick, Fred, Tom, Sam, and Angelo.

Mr. ROBINSON. Are you presently associated in any business with your brothers?

Mr. MANNING. I decline to answer that question on the ground it might tend to incriminate me.

The CHAIRMAN. The chairman directs you to answer the question.

Mr. MANNING. I decline to answer that question on the ground it might tend—

The CHAIRMAN. We understand you refuse to answer in all cases on the ground it might tend to incriminate you unless you state otherwise; is that satisfactory?

Mr. GREEN. That is satisfactory.

Mr. ROBINSON. Are you presently in business with your brother Tom?

Mr. MANNING. I decline to answer that question on the ground it might tend to incriminate me.

The CHAIRMAN. You are directed to answer. Just say you refuse.

Mr. MANNING. I decline to answer that question on the ground it may tend to incriminate me.

The CHAIRMAN. Mr. Green and Mr. Manno, we have an understanding that when he refuses to answer that, unless otherwise stated, by the chairman—

Mr. GREEN. It will be understood.

The CHAIRMAN. It will be understood that the chairman, on behalf of the committee, has directed him to answer and that he refuses

again so as to avoid the technicality and detail we have to go through.

Mr. GREEN. And that all objections will be understood by the record and the chairman as being on the ground that the answer might tend to incriminate him.

The CHAIRMAN. That is right. He need not go through all the language. Is that satisfactory with you, Mr. Manning? You understand?

Mr. MANNING. All I have to do is say I refuse to answer on the ground it may tend to incriminate me.

The CHAIRMAN. You don't have to go through all that—that it may tend to incriminate you. We will understand that is the reason why you refuse to answer.

Then you understand when you refuse to answer that the Chair has automatically directed you to answer.

And it is understood that you again refuse. Is that understood?

Mr. MANNING. Yes, sir.

Mr. ROBINSON. Do you know Joe Fusco?

Mr. MANNING. I do.

Mr. ROBINSON. How long have you known him?

Mr. MANNING. Oh, around maybe 15 years.

Mr. ROBINSON. Have you at any time lived with him?

Mr. MANNING. I decline to answer that question on the ground that it may tend to incriminate me.

Mr. ROBINSON. Do you know Jack De George?

Mr. MANNING. I do.

Mr. ROBINSON. How long have you known him?

Mr. MANNING. Oh, maybe 6 years.

Mr. ROBINSON. Have you ever been in business with him?

Mr. MANNING. Yes, sir.

Mr. ROBINSON. In what business?

Mr. MANNING. Tailoring business, custom tailoring.

Mr. ROBINSON. Where is the business located?

Mr. MANNING. It was at 30 North Michigan Avenue, in Chicago.

Mr. ROBINSON. Are you a partner with him?

Mr. MANNING. I was.

Mr. ROBINSON. Well, what is your present connection with the business?

Mr. MANNING. It has been closed now, about 3 months.

Mr. ROBINSON. Why has it been closed?

Mr. MANNING. Well, Mrs. De George, she contributed it to Mr. De George's bad health. They are living in California now somewhere. That was the reason.

Mr. ROBINSON. What sort of tailoring business is it?

Mr. MANNING. How do you mean?

Mr. ROBINSON. Well, is it a retail business, a wholesale, or what?

Mr. MANNING. Retail, custom tailoring.

Mr. ROBINSON. And where do you have your place of business, tailoring rooms?

Mr. MANNING. Third floor, 30 North Michigan Avenue.

Mr. ROBINSON. And is Mr. De George living with you at the Stevens Hotel?

Mr. MANNING. No.

Mr. ROBINSON. Has the business been profitable?

Mr. MANNING. No, sir.

Mr. ROBINSON. How much have you lost in the business?

Mr. MANNING. I decline to answer that question on the ground that it may tend to incriminate me.

Mr. ROBINSON. How large an establishment is the place where you do business? What is the physical set-up?

Mr. MANNING. You mean where we did business?

Mr. ROBINSON. Where you did business.

Mr. MANNING. Yes. Just two rooms, I believe there was.

Mr. ROBINSON. Do you have a room upstairs?

Mr. MANNING. What do you mean?

Mr. ROBINSON. Is there an upstairs and downstairs room or is it all on one floor?

Mr. MANNING. One room is adjacent to the other.

Mr. ROBINSON. Have you ever operated any other business at that establishment in conjunction with the tailoring business?

Mr. MANNING. No, sir.

Mr. ROBINSON. Do you know Rocco De Stefano?

Mr. MANNING. Yes, sir.

Mr. ROBINSON. And how long have you known him?

Mr. MANNING. Maybe 10 or 12 years.

Mr. ROBINSON. Are you presently in business with him?

Mr. MANNING. I never was, sir.

Just a minute. I take that back. At present, no. But, he was with me when we first originally opened De George Tailoring, and he was only in there for, I would say, maybe 2 years.

Mr. ROBINSON. What does he do now?

Mr. MANNING. I couldn't tell you, Mr. Robinson. I don't know.

Mr. ROBINSON. Isn't he a very close friend of yours?

Mr. MANNING. Well, I would say he is a friend. I don't know how close.

Mr. ROBINSON. What is the source of his income?

Mr. MANNING. I wouldn't know, Mr. Robinson.

Mr. ROBINSON. You don't know how he lives?

Mr. MANNING. I wouldn't know.

Mr. ROBINSON. Where he gets his money to live?

Mr. MANNING. No, sir.

Mr. ROBINSON. Is he a gambler?

Mr. MANNING. I don't know, sir.

Mr. ROBINSON. You know that; don't you?

Mr. MANNING. I do not.

Mr. ROBINSON. You don't know that?

Mr. MANNING. I do not.

Mr. ROBINSON. Do you have an interest in the Steelco Drilling Co.?

Mr. MANNING. I have no interest in Steelco Drilling.

Mr. ROBINSON. Never had?

Mr. MANNING. No, sir.

Mr. ROBINSON. Never invested any money in it?

Mr. MANNING. I decline to answer that question on the ground that it may tend to incriminate me.

Mr. ROBINSON. Do you know Jack Steele?

Mr. MANNING. I do.

Mr. ROBINSON. How long have you known him?

Mr. MANNING. Oh, maybe 4 or 5 years.

Mr. ROBINSON. Did he ever try to interest you in investing in the company?

Mr. MANNING. Not in investing in the company.

Mr. ROBINSON. Well, did he talk to you about it?

Mr. MANNING. I talked to him about it.

Mr. ROBINSON. What was the talk?

Mr. MANNING. Nothing.

Mr. ROBINSON. What did you talk about?

Mr. MANNING. I decline to answer that question on the ground it may tend to incriminate me.

Mr. ROBINSON. Do you know John Capone?

Mr. MANNING. I do.

Mr. ROBINSON. Do you know him under any other name?

Mr. MANNING. As John Martin.

Mr. ROBINSON. John Martin?

Mr. MANNING. Yes, sir.

Mr. ROBINSON. Was he ever associated in business with you?

Mr. MANNING. No, sir.

Mr. ROBINSON. Did he ever invest in any of the same companies that you invested in?

Mr. MANNING. Not that I know of.

Mr. ROBINSON. Do you know he was an investor in the Steelco Co.? You know that, don't you?

Mr. MANNING. Not that I know of.

Mr. ROBINSON. Had he ever told you?

Mr. MANNING. We never discussed it.

Mr. ROBINSON. Well, you know he is an investor in that company; don't you?

Mr. MANNING. I don't.

Mr. ROBINSON. Do you know Joe Fusco is an investor in that company?

Mr. MANNING. Yes, sir.

Mr. ROBINSON. Who else invested in that company that you know?

Mr. MANNING. That is about all I know of.

Mr. ROBINSON. Peter Tremont?

Mr. MANNING. No, sir; not that I know of.

Mr. ROBINSON. How long have you known Tremont?

Mr. MANNING. Oh, maybe 23, 24 years.

Mr. ROBINSON. Have you ever been associated in business with him?

Mr. MANNING. I decline to answer that on the ground it might tend to incriminate me.

Mr. ROBINSON. Have you ever been associated in the automobile business with Tremont?

Mr. MANNING. No, sir.

Mr. ROBINSON. Never had at any time any interest in an automobile business?

Mr. MANNING. No, sir.

Mr. ROBINSON. Do you have any interest in any brewery business?

Mr. MANNING. No, sir.

Mr. ROBINSON. Do you own any stock in any brewery business?

Mr. MANNING. I decline to answer that on the ground it might tend to incriminate me.

Mr. ROBINSON. Do you hold any notes on a brewery business?

Mr. MANNING. I refuse to answer that on the ground that my answer might tend to incriminate me.

Mr. ROBINSON. Were you ever connected with Citizens Brewery Co?

Mr. MANNING. I decline to answer that on the ground it might tend to incriminate me.

Mr. ROBINSON. Do you know Sam Pardy?

Mr. MANNING. I decline to answer that question on the ground it may tend to incriminate me.

Mr. ROBINSON. Do you know Cesar Benvenuti?

Mr. MANNING. I refuse to answer that question on the ground it might tend to incriminate me.

Mr. ROBINSON. Do you know Leo Benvenuti?

Mr. MANNING. I refuse to answer that question on the ground it might tend to incriminate me.

Mr. ROBINSON. Do you know Ed Jones?

Mr. MANNING. I refuse to answer that question on the ground it might tend to incriminate me.

Mr. ROBINSON. Do you know Clifford Davis?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Have you ever been associated in business with any of those individuals?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Do you know Paul Jones?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Do you remember meeting Paul Jones in Chicago sometime in the year 1946?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Do you know Steve Guthrie?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

The CHAIRMAN. Just a minute. For the record, is Paul Jones the man we were talking about last night, whose voice we heard with the voice identified as Mr. Manno?

Mr. ROBINSON. That is right.

The CHAIRMAN. All right.

Mr. ROBINSON. Do you know George Butler of the Dallas Police Department?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Do you know Frank Knappi, or Knapp?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Have you ever been to Dallas, Tex.?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Were you in Dallas, Tex., on November 6, 1946?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Mr. Manno, what is the Standard Golden Gate Co.?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Do you have a partnership interest in that company with Tremont, Thomas Manno, Fred Manno, and Nick Manno?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

The CHAIRMAN. Let me get those names again, Mr. Robinson.

Mr. ROBINSON. Peter Tremont, Thomas Manno—

The CHAIRMAN. This is Paul Manno?

Mr. ROBINSON. No; this is Pat Manno who is testifying.

The CHAIRMAN. Yes; go on.

Mr. ROBINSON. Fred Manno and—which is it, Mr. Manno, Nick or Jeff? Are they the same people?

Mr. MANNING. Yes; that is a nickname. They are the same.

Mr. ROBINSON. What is his real name?

Mr. MANNING. Nick.

Mr. ROBINSON. Nick?

Mr. MANNING. Yes.

Mr. ROBINSON. Nick Manno.

The CHAIRMAN. And what is the name of the partnership or concern?

Mr. ROBINSON. The Standard Golden Gate Co., 6040 Cottage Grove Avenue.

The CHAIRMAN. Have you been to that avenue—that address?

Mr. MANNING. I refuse to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Do you recall whether or not you and your partner, Peter Tremont, received approximately \$16,000 from the operation of that company in 1945?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. And also your brother Thomas Manno in the same amount?

Mr. MANNING. Mr. Robinson, I refuse to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Do you recall whether or not your two brothers, Fred and Nick Manno, received half of that amount as their interest in the partnership in that year?

Mr. MANNING. I refuse to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Mr. Manno, do you recall that the total ins of that business in 1945 was approximately \$910,000?

Mr. MANNING. I refuse to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. And the gross income was approximately \$150,000?

Mr. MANNING. I refuse to answer that question on the ground my answer may tend to incriminate me.

The CHAIRMAN. Is that the gross or the net?

Mr. ROBINSON. That is the gross.

The CHAIRMAN. Thank you.

Mr. ROBINSON. And the net income of that business was approximately \$66,000?

Mr. MANNING. I refuse to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Mr. Manno, do you recall being in partnership with Peter Tremont, Thomas Manno, Jeff Manno, and Sam Manno in 1947 in the same company?

Mr. MANNING. I refuse to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Do you recall that the income of yourself and your partner, Tremont, from that business in that year was approximately \$44,000?

Mr. MANNING. I refuse to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Do you recall the fact that the total ins from the business in that year was approximately \$1,800,000?

Mr. MANNING. I refuse to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. And that the gross income is \$335,000?

Mr. MANNING. I refuse to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. And the net income was \$179,000?

Mr. MANNING. I refuse to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Do you recall receiving from—or do you recall being in partnership with the following people in the same company in 1948—Tremont; Fred, Jeff, and Sam Manno?

Mr. MANNING. I refuse to answer that question on the ground my answer may incriminate me.

Mr. ROBINSON. Do you recall the reason why Tom Manno ceased to become a partner in that business in and around 1947 and 1948?

Mr. MANNING. I refuse to answer that question on the ground my answer may incriminate me.

Mr. ROBINSON. Do you recall that the total ins from that company's operation in that deal was \$1,900,000 approximately?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. And that your return and that of your partner, Tremont, was approximately \$27,000 each?

Mr. MANNING. I refuse to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Do you know what your brother Tom Manno did after 1948?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Did you have any interest in any business with your brother Tom after 1948?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. What is the business of the Standard Golden Gate Co.?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Do you recall, Mr. Manno, or Mr. Manning, that the total ins from the same company in 1949 was \$5,150,000?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. And that your gross income was approximately \$1,000,000 from that business?

Mr. MANNING. I decline to answer that question on the ground that my answer may tend to incriminate me.

Mr. ROBINSON. And that your income from that, along with your partner, Tremont, was a little over \$100,000 each?

Mr. MANNING. I refuse to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Do you have an interest in the Roman Silver, Mr. Manning?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

The CHAIRMAN. What is the address of Roman Silver?

Mr. ROBINSON. 6040 Cottage Grove Avenue.

The CHAIRMAN. Thank you.

Mr. ROBINSON. Have you ever heard, Mr. Manning, of the Erie-Buffalo Co.?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Isn't it true that your brother, Tom, left the partnership with you and Tremont to go into partnership with Sam Pardy and the Benvenutis in the Erie-Buffalo Co.?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Isn't it also true that the income received by the Benvenutis in that company took a sharp decrease when your brother Tom and Sam Pardy came into the partnership?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. And didn't the decrease or didn't the entry of your brother Tom and Mr. Pardy in the Erie-Buffalo Co. take place about the time of the bombing of the Benvenutis' home?

Mr. MANNING. I refuse to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. And shortly after your brother Tom and Sam Pardy entered the Erie-Buffalo Co., isn't it true that they engaged the services of Jack Gnsik and Tony Accardo for which they paid \$278,000, approximately?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Do you own an automobile?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Do you recall whether you ever aided Mr. De George in obtaining a Cadillac in 1947?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Did you ever aid Mr. Fusco in getting a Cadillac automobile?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Did you ever aid John Martin in getting a Cadillac automobile?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Did you ever aid Rocco Fischetti in getting a Cadillac automobile?

Mr. MANNING. I decline to answer that question on the ground it may tend to incriminate me.

Mr. ROBINSON. Did you ever aid Hy Ginnis in getting a Cadillac automobile?

Mr. MANNING. I decline to answer that question on the ground the answer may tend to incriminate me.

Mr. ROBINSON. Did you ever aid any police captain in getting a Cadillac automobile?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. ROBINSON. Did you ever aid anyone by the name of Spranzi in getting a Cadillac automobile?

Mr. MANNING. I decline to answer that question on the ground the answer may tend to incriminate me.

Mr. ROBINSON. Do you know Mike Spranzi?

Mr. MANNING. I know of him.

Mr. ROBINSON. Did you ever aid him in getting a Cadillac automobile?

Mr. MANNING. I decline to answer on the ground that my answer may tend to incriminate me.

Mr. ROBINSON. Who is he?

Mr. MANNING. I just know of him. I don't know who he is.

Mr. HALLEY. Did you ever help anybody get a Cadillac automobile?

Mr. MANNING. I decline to answer that question on the ground my answer may tend to incriminate me.

Mr. HALLEY. Do you know any Cadillac dealer or official?

Mr. MANNING. I decline to answer that question on the ground my answer might tend to incriminate me.

Mr. ROBINSON. Do you know a man by the name of Coyle?

Mr. MANNING. I decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. Mr. Manning, will you look at this picture, exhibit No. 63. Do you see yourself there?

Mr. MANNING. Yes, I do.

The CHAIRMAN. Is that a picture of you?

Mr. MANNING. It looks like me.

The CHAIRMAN. Where was that taken?

Mr. MANNING. I couldn't tell you.

The CHAIRMAN. Who is that with you?

Mr. MANNING. I can't make out the faces, Mr. Chairman, I am sorry.

The CHAIRMAN. Can't you recognize their countenances or anything?

Mr. MANNING. I don't remember.

The CHAIRMAN. Which one is you?

Mr. MANNING. Behind here.

Mr. HALLEY. Right or left?

Mr. MANNING. It looks like me in the middle here.

The CHAIRMAN. With your face turned? You can see a little of your face there?

Mr. MANNING. Yes.

The CHAIRMAN. You can't tell who that is on your right or left?

Mr. MANNING. I am sorry; I can't.

The CHAIRMAN. You wouldn't recognize one of those as being Paul Jones?

Mr. MANNING. No; I don't.

The CHAIRMAN. You know Paul Jones, don't you?

Mr. MANNING. I decline to answer that question on the ground that my answer might tend to incriminate me.

The CHAIRMAN. Did you ever see this fellow here, this great big handsome man?

Mr. MANNING. I decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. It wouldn't tend to incriminate you to recognize him. He is a nice fellow.

Mr. MANNING. My answer might lead to show me guilty of a crime.

Mr. HALLEY. Do you have in mind a crime in the State or Federal laws?

Mr. MANNING. Federal laws, Mr. Halley.

Mr. HALLEY. What crime do you have in mind you could possibly be incriminated under in the Federal laws?

Mr. MANNING. No Federal laws in particular. No Federal laws in particular; there is numerous Federal laws.

Mr. HALLEY. Well, is there a law which you can refer to or your lawyer can refer to which the answer to that question would incriminate you of?

Mr. MANNING. If I answer that question, I will be incriminating myself. I will be answering the question.

Mr. HALLEY. Well——

The CHAIRMAN. All right. Lieutenant Butler, you testified last night that Mr. Manning recognized himself as being the one with his face turned. Who did you say the other two fellows were?

Lieutenant BUTLER. Paul Jones on the right and Jack Knapp on the left.

The CHAIRMAN. Do you know Jack Knapp?

Mr. MANNING. I refuse to answer on the ground my answer might tend to incriminate me.

Mr. HALLEY. You are referring to what exhibit now, Lieutenant?

Lieutenant BUTLER. Exhibit No. 63. Jones is now in the Federal penitentiary.

The CHAIRMAN. Do you have any correspondence with Mr. Jones?

Mr. MANNING. I refuse to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. Who is your auditor, Mr. Manning?

Mr. MANNING. I decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. Do you keep records?

Mr. MANNING. I refuse to answer on the ground my answer might tend to incriminate me.

The CHAIRMAN. Where do you keep any records that you might keep?

Mr. MANNING. I decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. All right. Anything else?

Mr. HALLEY. Lieutenant Butler, is the witness anybody you recognize?

Lieutenant BUTLER. Yes, sir; that is Pat Manning, Pat Manno.

Mr. HALLEY. Is he the man about whom you testified yesterday?

Lieutenant BUTLER. He is.

The CHAIRMAN. Is he the man whose voice is on those 42 recordings you have got here?

Lieutenant BUTLER. Yes, sir.

The CHAIRMAN. Do you recognize your voice? We have got some recordings here. If you would hear your voice, would that help you refresh your recollection about any trip to Dallas, Tex., in 1946?

Mr. GREEN. Mr. Chairman, his refusals to answer the question was not based on his inability to remember but the reason stated that it might tend to incriminate him.

The CHAIRMAN. Let him answer.

Would you like to hear your voice in Texas in 1946?

Mr. MANNING. Not necessarily.

The CHAIRMAN. All right.

Mr. HALLEY. Did you ever hear of the Mafia?

Mr. MANNING. No, sir.

Mr. HALLEY. Did you ever hear of the Unione Sicilione?

Mr. MANNING. No, sir.

Mr. HALLEY. Do you know Jack Dragna?

Mr. MANNING. No; I don't.

Mr. HALLEY. Do you know Joe Adonis?

Mr. MANNING. No; I don't.

Mr. HALLEY. Do you know Joe Roveletti?

Mr. MANNING. Never heard of him; no, sir; I don't.

Mr. HALLEY. Vincent Mangano?

Mr. MANNING. No; I don't.

Mr. HALLEY. Do you know Charles Fischetti?

Mr. MANNING. I know of him.

Mr. HALLEY. Do you know him?

Mr. MANNING. I know of him. I don't know him. I just know of him.

Mr. HALLEY. Did you ever meet him?

Mr. MANNING. Maybe on an occasion in a restaurant or something.

Mr. HALLEY. Have you ever heard of the Mafia?

Mr. MANNING. No; I never heard of the Mafia; just what I have been reading in the newspapers is all I know about it.

Mr. HALLEY. Have you ever discussed the Mafia with anybody?

Mr. MANNING. No, sir; I don't know what it is.

The CHAIRMAN. Anything else, Mr. Robinson?

Mr. ROBINSON. No; that is all, Mr. Chairman.

The CHAIRMAN. Well, Mr. Green, you will have your client available?

Mr. GREEN. He will be available. He is still under subpena?

The CHAIRMAN. We may want to get in touch with you; and Mr. Manning, you remain under subpoena of the committee. Of course, we will have to recommend that contempt proceedings be brought against you. I think you could have been very helpful to the committee if you had been willing to do so. That is all for the time being.

(Witness excused.)

The CHAIRMAN. Who is next?

Mr. HALLEY. Peter Tremont.

The CHAIRMAN. Bring in Mr. Tremont.

The chairman and the committee staff are delighted to have Sheriff Babb, the new sheriff of Cook County, sitting with us today with Mr. Kerner.

**FURTHER TESTIMONY OF PETER C. TREMONT, CHICAGO, ILL.,
ACCOMPANIED BY JOSEPH E. GREEN, ATTORNEY, CHICAGO, ILL.**

The CHAIRMAN. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. TREMONT. I do.

The CHAIRMAN. Let the record show that Mr. Joseph E. Green, attorney, 1 North La Salle Street, is appearing with Mr. Tremont.

Mr. ROBINSON. State your full name, please.

Mr. TREMONT. Peter C. Tremont.

Mr. ROBINSON. Where do you live?

Mr. TREMONT. Congress Hotel.

Mr. ROBINSON. Do you have a business address, too?

Mr. TREMONT. Yes; I do.

Mr. ROBINSON. What is that?

Mr. TREMONT. 6040 Cottage Grove Avenue.

Mr. ROBINSON. What business do you have there?

Mr. TREMONT. Tremont Auto Sales Corp.

Mr. ROBINSON. At 6040 Cottage Grove Avenue?

Mr. TREMONT. Yes.

Mr. ROBINSON. Is that the address of any other business?

Mr. TREMONT. No; that is just the Tremont Auto Sales.

Mr. ROBINSON. There is no other business you conduct at that address?

Mr. TREMONT. No; Tremont Auto Sales.

Mr. ROBINSON. Is there a business called the Standard Golden Gate at that address?

Mr. TREMONT. Well, Senator, if you don't mind, I would like to make a statement before this committee.

The CHAIRMAN. All right, sir.

Mr. TREMONT. As a matter of record, I think as a citizen I have the right to make a statement here. Mr. Senator, I want to state my position here. With all respect to this committee, I understand I have certain rights and privileges under the Constitution.

The reason why I am reading this, Senator, is because I am not used to making speeches and I am not very good at making speeches.

The CHAIRMAN. You can read it, or your counsel, either one.

Mr. TREMONT. As I understand, then, I refuse to answer questions on the basis that it may incriminate me. My concern in this respect, Senator, is not imaginary; it is real and sincere. Every day the paper in Chicago has carried a story saying that I was a man connected with the policy business. The stories have also said that I enjoy a very large income. They have quoted agents of this committee as saying that evidence which would be brought out at this hearing would be used by the internal-revenue agents. They have plainly indicated that Federal criminal action might follow.

I therefore have every reason to feel that almost any question I might answer regarding my business may be used against me in a Federal criminal case.

I am sure that it is not the purpose or the wish of this committee to cause any citizen to be deprived of his rights under our Constitution. I refuse to answer that question, and I must refuse to answer all other questions whose answers might in my judgment show me guilty of a crime or furnish clues or leads from which my guilt might be claimed.

The CHAIRMAN. All right, Mr. Tremont. We are glad to have your statement. Did you write the statement yourself?

Mr. TREMONT. I did, sir.

The CHAIRMAN. Or did your attorney write it?

Mr. TREMONT. I wrote the statement with his help.

The CHAIRMAN. You mean you wrote it together?

Mr. TREMONT. Well, in a sense of the word, yes, I would say, but they are my words.

The CHAIRMAN. I might explain to you, Mr. Tremont, as I have to the previous witness, Mr. Manning, your right to refuse to answer under the fifth amendment of the Constitution only goes to either a Federal crime or a definite link in what might result in a Federal crime. You have no right to refuse to answer something that concerns only a violation of the State law.

Also the testimony under the statute, what you say here, cannot be quoted as having been said by you in a trial against you.

We will ask you certain questions, and we will let the record show that, unless the chairman directs otherwise, you are ordered to answer those questions; and then, if you do not answer them, it will be taken that you refuse to follow the direction of the chairman. Do you understand that?

Mr. TREMONT. Yes; I understand what you said.

Mr. GREEN. I understand, and the record will show in each case, Senator, the basis of his refusal is on the fifth amendment.

The CHAIRMAN. If he refuses to answer, we will understand that it is on the ground that it might tend to incriminate him. Then the usual procedure is that the chairman orders and directs you to answer, and you refuse to follow the order and direction of the chairman. By your refusal to answer it will be considered that the chairman has ordered you to answer unless otherwise specified. Is that understood?

Mr. GREEN. If I may, may I repeat it to him?

The CHAIRMAN. By the way, let's go along with a few questions first and see how we get along.

Mr. GREEN. All right.

Mr. ROBINSON. How long have you been in the automobile business?

Mr. TREMONT. Well, I believe I went in the business back in 1933 or 1934, I am not sure. It is a matter of record.

Mr. ROBINSON. Is it a new- or is it a used-car business, or is it both?

Mr. TREMONT. It is new and used, sir.

Mr. ROBINSON. Do you have a dealership?

Mr. TREMONT. We do, sir.

Mr. ROBINSON. And have you ever been in the construction business?

Mr. TREMONT. Yes, sir.

Mr. ROBINSON. What was the name of the business?

Mr. TREMONT. The Illinois Construction Corp.

Mr. ROBINSON. And how long were you in that?

Mr. TREMONT. Oh, I would say about 2 years. It is a matter of record. I think it is about 2 years.

Mr. ROBINSON. And that was the business of bidding on contracts for building construction?

Mr. TREMONT. Yes, sir.

Mr. ROBINSON. Do you have any interest in that business now?

Mr. TREMONT. I do not, sir.

Mr. ROBINSON. You have sold it out?

Mr. TREMONT. Yes; I did.

Mr. ROBINSON. Do you have any interest in a company called the Rome-Silver?

Mr. TREMONT. Well, I decline to answer that question, Mr. Robinson, that the answer may incriminate me.

The CHAIRMAN. Now, just a minute. At this point the chairman directs you to answer the question, orders you to answer the question, and if you refuse to follow the order of the chairman, state so.

You are ordered to answer it. Do you still refuse to answer it?

Mr. TREMONT. I refuse to answer that question on the grounds—

The CHAIRMAN. That is what I am getting at, where a question is asked you and you refuse to answer it, my duty is to direct you to answer it, if I think it is a proper question.

So without going through the ceremony each time of me directing you to answer the question, unless I order the question withdrawn, you understand you are directed to answer it, and you refuse to answer it.

Mr. ROBINSON. Is that correct, do you understand that?

Mr. TREMONT. I believe I do; yes, sir.

The CHAIRMAN. All right. You do, Mr. Green?

Mr. GREEN. I understand that; yes, sir.

The CHAIRMAN. Go ahead, Mr. Robinson.

Mr. ROBINSON. Do you have any interest in a company called Erie-Buffalo?

Mr. TREMONT. No, sir; I do not. Whatever it is, I don't know what the company is. What is the company, may I ask that?

Mr. ROBINSON. Well, let me ask the question: Do you know what the Erie-Buffalo Co. is?

Mr. TREMONT. I do not, sir.

Mr. ROBINSON. Do you know Tom Manno?

Mr. TREMONT. I refuse to answer that question on the ground that that may incriminate me.

Mr. ROBINSON. Do you know Sam Pardy?

Mr. TREMONT. I refuse to answer that question on the grounds that that may incriminate me.

Mr. ROBINSON. Do you know whether or not they are presently connected with the Erie-Buffalo Co.?

Mr. TREMONT. I refuse to answer that question on the ground that that may incriminate me.

Mr. ROBINSON. Do you know whether or not the Erie-Buffalo Co. is a company which operates a policy wheel?

Mr. TREMONT. I refuse to answer that question on the ground that that may incriminate me.

Mr. ROBINSON. You stated you had heard of the company but you had no connection with it?

Mr. TREMONT. No; I said I never heard of the company. I don't know what the company is.

Mr. ROBINSON. You don't know anything about it?

Mr. TREMONT. At the time you asked me the question, you asked me what the Erie-Buffalo Co. was, and I said I did not know. It sounded like a railroad company to me at first.

Mr. ROBINSON. Do you know of the Erie-Buffalo Co., which is a policy wheel?

Mr. TREMONT. I said I refused to answer the question on the ground that that may incriminate me.

Mr. ROBINSON. Do you know Jack Guzik?

Mr. TREMONT. I do not, sir.

Mr. ROBINSON. Do you know Tony Accardo?

Mr. TREMONT. I do not, sir.

Mr. ROBINSON. You never met him?

Mr. TREMONT. No, sir.

Mr. ROBINSON. Do you know Rocco Fischetti?

Mr. TREMONT. I do not think I do. No, sir; I do not know him.

Mr. ROBINSON. Or Charles Fischetti?

Mr. TREMONT. I do not, sir.

Mr. ROBINSON. Where did you come from, Mr. Tremont? Have you always lived in Chicago?

Mr. TREMONT. No, sir.

Mr. ROBINSON. What place did you come to Chicago from?

Mr. TREMONT. From Port Arthur, Tex.

Mr. ROBINSON. From where?

Mr. TREMONT. Port Arthur, Tex.

Mr. ROBINSON. Were you brought up in Texas?

Mr. TREMONT. Yes, sir. I was born in Louisiana, and brought up in Texas.

Mr. ROBINSON. When did you come to Chicago?

Mr. TREMONT. Well, I will try to figure that out. I think it was either 1924—I believe it was somewhere in 1924.

Mr. ROBINSON. What did you do when you came to Chicago? Where were you first employed?

Mr. TREMONT. Oh, I had different odd-end jobs here and there. I don't remember exactly. I worked for the National Biscuit Co. for a while. I worked for—it wasn't too long in any job to just exactly remember what the jobs actually were.

Mr. ROBINSON. Were you ever connected with the liquor business during the period from 1924 to 1930?

Mr. TREMONT. Would you mind repeating the question?

Mr. ROBINSON. Were you ever connected with the liquor business?

Mr. TREMONT. No, sir, I have not.

Mr. ROBINSON. After you came to Chicago?

Mr. TREMONT. No, sir.

Mr. ROBINSON. How much did you pay for the automobile account you acquired around 1932, 1931, or thereabouts?

Mr. TREMONT. Well, I would refuse to answer that question on the ground that it would incriminate me.

Mr. ROBINSON. Where did you acquire the funds with which to purchase the automobile business?

Mr. TREMONT. I would refuse to answer that question on the ground that it may incriminate me.

Mr. ROBINSON. Were you in the policy business around 1930 or 1931?

Mr. TREMONT. I would refuse to answer that question on the ground it may tend to incriminate me.

Mr. ROBINSON. Do you know how a policy wheel operates?

Mr. TREMONT. I refuse to answer that question.

Mr. ROBINSON. Have you ever heard of a policy wheel?

Mr. TREMONT. I refuse to answer that question on the ground it may incriminate me.

Mr. ROBINSON. Do you know Caesar Benvenuti?

Mr. TREMONT. I would refuse to answer that question on the ground that it may incriminate me.

Mr. ROBINSON. Or Leo Benvenuti?

Mr. TREMONT. I would refuse to answer that question on the ground that it may incriminate me.

Mr. ROBINSON. Have you ever heard of Ed Jones?

Mr. TREMONT. I would refuse to answer that question on the ground that it may incriminate me.

Mr. ROBINSON. Have you ever had any business with the Victory Paper Co.?

Mr. TREMONT. I would refuse to answer that question on the ground it may incriminate me.

The CHAIRMAN. We understand your refusal to answer. You don't need to quote on the ground that it may tend to incriminate you.

Mr. TREMONT. I see. That was the thing I meant to ask you before.

Mr. ROBINSON. Have you ever heard of the Victory Paper Co.?

Mr. TREMONT. I refuse to answer.

Mr. ROBINSON. You refuse to answer that you ever heard of it?

Mr. TREMONT. I refuse to answer the question on the ground that it may tend to incriminate me.

As a matter of record, so there will be no confusion, I will say it my way if you don't mind, Senator.

The CHAIRMAN. That is all right.

Mr. ROBINSON. Have you ever had any interest in any gambling establishment?

Mr. TREMONT. I refuse to answer that question on the ground it might incriminate me.

Mr. ROBINSON. Have you heard of Paul Jones?

Mr. TREMONT. That name doesn't seem to register.

Mr. ROBINSON. From Dallas, Tex.?

Mr. TREMONT. No, sir.

Mr. ROBINSON. How long have you known Pat Manning?

Mr. TREMONT. Well, it has been at least 23 years. He was married to my sister, and he has a boy that is 22.

Mr. ROBINSON. And was he ever associated with you in the automobile business?

Mr. TREMONT. No, sir.

Mr. ROBINSON. Was he ever on your payroll as a salesman?

Mr. TREMONT. No, sir.

Mr. ROBINSON. Do you have any interest in the Steelco Co.? Have you ever invested any money in the company called the Steelco Co.?

Mr. TREMONT. I have never heard of the company, sir.

Mr. ROBINSON. Do you know Joe Fusco?

Mr. TREMONT. Yes, I do, sir.

Mr. ROBINSON. How long have you known him?

Mr. TREMONT. At least 10 or 12 years.

Mr. ROBINSON. Have you ever had any business connection with him?

Mr. TREMONT. No, sir.

Mr. ROBINSON. In the liquor business?

Mr. TREMONT. No, sir.

Mr. ROBINSON. Do you know whether or not Mr. Pat Manning was in Texas in the year 1946?

Mr. TREMONT. No, sir; I do not know.

Mr. ROBINSON. You did not know that?

Mr. TREMONT. No, sir. I didn't know he was there. If he was there, I don't know.

The CHAIRMAN. Did Mr. Robinson ask you if you were ever connected in business with Pat Manning or Pat Manno?

Mr. TREMONT. Did he ask me such a question?

The CHAIRMAN. Yes. If he didn't, I want to ask you if you ever were in business with Pat Manning or Pat Manno.

Mr. TREMONT. I refuse to answer that question, sir, on the ground it may incriminate me.

The CHAIRMAN. When did you get into the automobile business?

Mr. TREMONT. I answered that question, I believe.

The CHAIRMAN. Well, when was it, 19—

Mr. TREMONT. I think it was in '33 or '34. I am not too sure. It is a matter of record, Senator. I think it can be checked.

The CHAIRMAN. You are a Chevrolet dealer?

Mr. TREMONT. No, sir.

The CHAIRMAN. What line do you—

Mr. TREMONT. Chrysler and Plymouth.

The CHAIRMAN. Chrysler and Plymouth. You also have a used automobile sales—you sell used automobiles?

Mr. TREMONT. Well, all new car agents have used car problems. That is part of the business.

The CHAIRMAN. Is that Tremont Auto Sales a corporation?

Mr. TREMONT. Yes, sir.

The CHAIRMAN. Are you the principal stockholder?

Mr. TREMONT. No.

The CHAIRMAN. Do you mind telling us who the other principal stockholders—

Mr. TREMONT. My two sons.

The CHAIRMAN. Your two sons?

Mr. TREMONT. Yes.

The CHAIRMAN. The three of you own the business entirely?

Mr. TREMONT. Yes, sir.

The CHAIRMAN. Is it a big business?

Mr. TREMONT. Well, you—I believe you sent a man down there and he has the records on that. I can't give you the accurate figures on it, but I believe you sent a man down to check the Tremont Auto Sales Corp. records, and I believe you have those records here.

The CHAIRMAN. Yes, I know, but I mean just generally how big a business is it?

Mr. TREMONT. Well, we sell an average—I really can't answer that. I mean, you have the records there. If you have the records they are such as they are.

The CHAIRMAN. Well, it is a substantially large business, isn't it?

Mr. TREMONT. I would say it is a nice business as far as that field is concerned; yes.

The CHAIRMAN. Well, Mr. Amis or Mr. Robinson, about how large is the business?

Mr. ROBINSON. They have a net of about \$43,000.

The CHAIRMAN. Was the net this year about \$43,000 so far?

Mr. TREMONT. If that is the figure you have it is correct.

The CHAIRMAN. All right. When did you get out of the Illinois Construction Corp.?

Mr. TREMONT. Well, that is—I don't have the exact record on that, but you have it. I believe your man was down to the Illinois Construction Co. You can incorporate any records you want. I am pretty sure he has all those records and whatever you may have there is a fact.

The CHAIRMAN. Who was associated with you? Who is the operating director, there?

Mr. TREMONT. Mr. Richard Sweitzer.

The CHAIRMAN. Who else?

Mr. TREMONT. And Mitchel Oschowski.

The CHAIRMAN. And who else?

Mr. TREMONT. And his brother Alex.

The CHAIRMAN. Where was the office of the Illinois Construction Corp.?

Mr. TREMONT. At—well, originally when they started I gave them a little space in my place for a short while until they got quarters to move into, and then they moved in over here where you went to—I think it is 5600 Blackstone Avenue, I believe it is.

The CHAIRMAN. And you sold out some time ago?

Mr. TREMONT. Well, it hasn't been too long ago.

The CHAIRMAN. Was Charles Gioe connected with that company?

Mr. TREMONT. Sir?

The CHAIRMAN. Charles Gioe was not connected with that company?

Mr. TREMONT. No, no; Charles Gioe is connected with our company.

The CHAIRMAN. Anyway, you have given us all the people who were the connections with that company?

Mr. TREMONT. Yes.

Mr. G. S. ROBINSON. Do you know a Joe Revoletti or Revelio?

Mr. TREMONT. I refuse to answer that question on the grounds that that may incriminate me.

Mr. ROBINSON. That is all.

The CHAIRMAN. All right, Mr. Tremont, and Mr. Green. That will be all. We will have to recommend that some action be taken by way of contempt against Mr. Tremont, too. Sorry.

Thank you, Mr. Tremont.

Mr. TREMONT. Thank you, Senator.

(Witness excused.)

The CHAIRMAN. Who is next?

Mr. HALLEY. Mr. Chairman, that concludes the evidence with respect to policy, with the exception of certain documentary material which we would like to present to the committee through the testimony of William Amis, an accountant on our staff. He will testify only as to actual documents he has seen, and not as to any conclusions of any kind by himself.

The CHAIRMAN. All right, Mr. Amis. Do you solemnly swear that the testimony you will give the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. AMIS. I do.

TESTIMONY OF WILLIAM D. AMIS, WASHINGTON, D. C.

Mr. HALLEY. What is your full name?

Mr. AMIS. William D. Amis.

Mr. HALLEY. And your address?

Mr. AMIS. Washington, D. C.

Mr. HALLEY. You are an investigator on the staff of this committee?

Mr. AMIS. I am.

Mr. HALLEY. For how long have you held that position?

Mr. AMIS. Since September this year.

Mr. HALLEY. Are you an accountant?

Mr. AMIS. Yes; I am.

Mr. HALLEY. What is your previous experience?

Mr. AMIS. I was formerly employed with the Bureau of Internal Revenue.

Mr. HALLEY. For how many years?

Mr. AMIS. About 4 years.

Mr. HALLEY. Now, Mr. Amis, did you make certain investigations of books and records of Leo J. Benvenuti?

Mr. AMIS. I did.

Mr. HALLEY. And did you make certain investigations of books and records of Caesar J. Benvenuti?

Mr. AMIS. I did.

Mr. HALLEY. Did you make certain investigations of Sam Pardy's records and books?

Mr. AMIS. I did.

Mr. HALLEY. And of the books and records and documents of Thomas Manno?

Mr. AMIS. I did.

Mr. HALLEY. Did you make certain investigations of books and records of a partnership entitled Guzik and Accardo?

Mr. AMIS. I did.

Mr. HALLEY. And did you make certain investigations of records of Anthony Accardo?

Mr. AMIS. I did.

Mr. HALLEY. And also of records of Jack Guzik?

Mr. AMIS. I did.

Mr. HALLEY. Now did you in the course of your investigations of the records of Leo J. and Caesar Benvenuti find that prior to the year 1948 they each had income from a partnership?

Mr. AMIS. That is right, sir.

Mr. HALLEY. And what was that partnership?

Mr. AMIS. That was Leo and Caesar Benvenuti operating as Erie-Buffalo.

Mr. HALLEY. That is Erie & Buffalo?

Mr. AMIS. That is right.

Mr. HALLEY. That is a policy wheel?

Mr. AMIS. That is a policy wheel.

Mr. HALLEY. In fact, the specific documents you examined show ins and outs and other records of a policy-wheel operation; is that right?

Mr. AMIS. That is right; including the tickers that were made by the bettor.

Mr. HALLEY. Is it a fact that in the year 1947 each one of Caesar and Leo Benvenuti showed in their records an income in excess of \$100,000 from the Erie & Buffalo wheel?

Mr. AMIS. That is right.

Mr. HALLEY. And in the year 1946 an income of about \$90,000?

Mr. AMIS. That is right.

Mr. HALLEY. And, in the year 1945, a net income in excess of \$100,000?

Mr. AMIS. That is right.

Mr. HALLEY. Was there a change in the picture in the year 1948?

Mr. AMIS. There was.

Mr. HALLEY. In the year 1948 was there a partnership record filed by Pardy and Manno?

Mr. AMIS. There was.

Mr. HALLEY. That is Sam Pardy?

Mr. AMIS. Yes; and Tom Manno.

Mr. HALLEY. Was that partnership record in reference to the Erie & Buffalo business?

Mr. AMIS. It was.

Mr. HALLEY. Do the records of Pardy and Manno show that in the year 1948 the partnership of Pardy and Manno had an income of \$304,000 net?

Mr. AMIS. That is right.

Mr. HALLEY. Net income?

Mr. AMIS. Net income; yes.

Mr. HALLEY. And in the year 1948, do the records of Caesar and Leo Benvenuti show whether or not they had any net income from the partnership of Pardy and Manno?

Mr. AMIS. In 1948?

Mr. HALLEY. Do they show an interest of \$50,000 each?

Mr. AMIS. \$50,000 each.

Mr. HALLEY. Net income to Caesar Benvenuti and Leo Benvenuti?

Mr. AMIS. That is right.

Mr. HALLEY. In 1948?

Mr. AMIS. That is right.

Mr. HALLEY. Then in the year 1949 did Sam Pardy and Tom Manno, according to the records of themselves, continued to show an income from the Erie & Buffalo wheel?

Mr. AMIS. That is right; it did.

Mr. HALLEY. In the year 1949, was a total net profit as shown by their records \$286,000?

Mr. AMIS. That is right.

Mr. HALLEY. Divided between Sam Pardy and Tom Manno?

Mr. AMIS. That is right.

Mr. HALLEY. In that year 1949, does the partnership of Pardy and Manno show a payment to Caesar Benvenuti of \$50,000?

Mr. AMIS. That is right.

Mr. HALLEY. And a payment to Leo Benvenuti of \$50,000?

Mr. AMIS. That is right.

Mr. HALLEY. From your further examination of the records of the partnership of Pardy and Manno, did you find an item of special service, \$278,000?

Mr. AMIS. I did.

Mr. HALLEY. As a deduction from their net income?

Mr. AMIS. I did.

Mr. HALLEY. As a deduction from their gross income that would be, would it not?

Mr. AMIS. That is right, gross income.

Mr. HALLEY. Did you find a record anywhere of a partnership called Guzik and Accardo?

Mr. AMIS. I did.

Mr. HALLEY. Did that record show gross receipts from Erie & Buffalo Co. of \$278,000?

Mr. AMIS. That is right.

Mr. HALLEY. Precisely the amount shown as special service from the records of Pardy and Manno?

Mr. AMIS. That is correct.

Mr. HALLEY. Did the partnership record from Guzik and Accardo for the year 1949 show for Guzik profits of \$134,000 and for Accardo profits of \$134,000?

Mr. AMIS. That is correct.

Mr. HALLEY. And the partnership records of Pardy and Manno show profits for each of them of \$143,000?

Mr. AMIS. That is correct.

Mr. HALLEY. Each of these items are traceable directly to the Erie & Buffalo Co.?

Mr. AMIS. That is correct.

Mr. HALLEY. Thank you very much.

I have no further questions, Mr. Chairman.

The CHAIRMAN. That is all, Mr. Amis.

(Witness excused.)

The CHAIRMAN. The committee will have about a 3-minute recess.

(Short recess.)

The CHAIRMAN. The committee will be in order, please.

Mr. John O'Mara, please.

Yes, sir, Mr. O'Mara. Will you raise your right hand and be sworn, please? Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. O'MARA. I do.

TESTIMONY OF JOHN J. O'MARA, WINTHROP HARBOR, ILL.

The CHAIRMAN. Sit down, Mr. O'Mara. All right, gentlemen, let's proceed with Mr. O'Mara.

Mr. ROBINSON. State your full name, please.

Mr. O'MARA. John J. O'Mara.

The CHAIRMAN. Just a moment. Will somebody get the witness a pitcher of water and a glass?

Now, how do you spell O'Mara?

Mr. O'MARA. O-apostrophe M-a-r-a.

Mr. ROBINSON. Where do you live, Mr. O'Mara?

Mr. O'MARA. Winthrop Harbor, Ill.

Mr. ROBINSON. That is where you live presently?

Mr. O'MARA. That is where I live now.

Mr. ROBINSON. Where did you live previous to that?

Mr. O'MARA. Kenosha, Wis.

Mr. ROBINSON. How long did you live in Kenosha?

Mr. O'MARA. Sixteen years.

Mr. ROBINSON. What business were you in in Kenosha?

Mr. O'MARA. I worked for my brother.

Mr. ROBINSON. What is your brother's name?

Mr. O'MARA. Holly O'Mara.

Mr. ROBINSON. What business was he in, Mr. O'Mara?

Mr. O'MARA. Handbook.

Mr. ROBINSON. Handbook?

Mr. O'MARA. Yes, sir.

Mr. ROBINSON. Where was his handbook located?

Mr. O'MARA. 520 Fifty-eighth Street.

Mr. ROBINSON. How long did you work for your brother?

Mr. O'MARA. Sixteen years.

Mr. ROBINSON. Did he have just one handbook?

Mr. O'MARA. No; he had two.

Mr. ROBINSON. Where was the other one located?

Mr. O'MARA. Sixty-third and Twenty-third.

Mr. ROBINSON. Sixty-third and——

Mr. O'MARA. Sixty-third and Twenty-third.

Mr. ROBINSON. Which one did you work in, or did you work in both?

Mr. O'MARA. I worked in both.

Mr. ROBINSON. Just what did you do in the handbook?

Mr. O'MARA. Well, I had done the remodeling there, and electrical work, and any errands he wanted me to run.

Mr. ROBINSON. How long did he operate those books there?

Mr. O'MARA. Well, they were in operation before I got there.

Mr. ROBINSON. And you worked there how many years?

Mr. O'MARA. Sixteen years.

Mr. ROBINSON. And you worked the entire time for your brother John?

Mr. O'MARA. Yes, sir—Holly.

Mr. ROBINSON. Holly, rather?

Mr. O'MARA. Yes.

Mr. ROBINSON. What was the size of those two handbooks? Was one smaller or larger than the other?

Mr. O'MARA. They were both about the same.

Mr. ROBINSON. And do you know where the service came from?

Mr. O'MARA. Well, it came from different places. At one time it came from Kansas City, and another time it came from South Chicago—southern Illinois.

Mr. ROBINSON. Do you know the company that supplied the wire service?

Mr. O'MARA. Continental, I think.

Mr. ROBINSON. Do you know whether it was Continental or Midwest or General?

Mr. O'MARA. I wouldn't be able to tell you exactly.

Mr. ROBINSON. But the wire did come from Chicago?

Mr. O'MARA. When I first went there, Moe Annenberg had the service, whatever he had. Later it was changed.

Mr. ROBINSON. Do you know who was supplying it when you left there?

Mr. O'MARA. McBride's exchange, whoever that was.

Mr. ROBINSON. Now, how large was the handbook? In other words, how many people could be accommodated there?

Mr. O'MARA. A couple of hundred.

Mr. ROBINSON. Were there any other gambling operations in the place?

Mr. O'MARA. In Kenosha, you mean?

Mr. ROBINSON. No; in the handbook where you worked. Was there any other gambling operations?

Mr. O'MARA. Oh, yes; we had craps, and roulette, and poker.

Mr. ROBINSON. How many people were employed?

Mr. O'MARA. At one time——

Mr. ROBINSON. Excuse me a minute. Was that in both places or just one?

Mr. O'MARA. Both places.

Mr. ROBINSON. Both places had those games?

Mr. O'MARA. Yes, sir.

Mr. ROBINSON. How many people were employed in each place?

Mr. O'MARA. At one time at each place?

Mr. ROBINSON. Yes.

Mr. O'MARA. About 12 at each place, about 12 to 14 at each place.

Mr. ROBINSON. Now, were they known by any particular name, so we can identify them?

Mr. O'MARA. One was the Brunswick Billiards, downtown.

Mr. ROBINSON. One was——

Mr. O'MARA. One was the Brunswick Billiards down at 520 Fifty-eighth Street.

The CHAIRMAN. Spell it.

Mr. ROBINSON. Can you spell it?

Mr. O'MARA. B-r-u-n-s-w-i-c-k, 520 Fifty-eighth Street.

The CHAIRMAN. Now wait a minute, Brunswick what?

Mr. O'MARA. Billiards.

Mr. ROBINSON. That was 528?

Mr. O'MARA. 520 Fifty-eighth Street.

Mr. ROBINSON. What is the name of the other place?

Mr. O'MARA. West Town Billiards.

Mr. ROBINSON. West Town Billiards. And your brother owned both of them?

Mr. O'MARA. That is right.

Mr. ROBINSON. Were there any other handbooks in Kenosha while your brother was operating?

Mr. O'MARA. Six other handbooks.

Mr. ROBINSON. Six other handbooks?

Mr. O'MARA. That is right.

Mr. ROBINSON. Were they as large as your brother's?

Mr. O'MARA. No; I don't think so.

Mr. ROBINSON. Do you know where they get their service?

Mr. O'MARA. From my brother.

Mr. ROBINSON. From which one of the establishments?

Mr. O'MARA. 520 Fifty-eighth Street.

Mr. ROBINSON. That is the Brunswick Billiards?

Mr. O'MARA. That is right.

Mr. ROBINSON. In other words, he supplied other handbooks with news?

Mr. O'MARA. That is right.

Mr. ROBINSON. As well as operating a handbook himself?

Mr. O'MARA. Yes, sir.

Mr. ROBINSON. Now do you know what rate he paid for his service?

Mr. O'MARA. I don't know the amount.

Mr. ROBINSON. Do you know whether the amount changed?

Mr. O'MARA. Oh, it often changed.

Mr. ROBINSON. Now, how would it be changed? Who would change it?

Mr. O'MARA. Well, sometimes the salesmen or the inspector, whatever he was, came around.

Mr. ROBINSON. From where?

Mr. O'MARA. From Chicago.

Mr. ROBINSON. From one of the wire companies?

Mr. O'MARA. Yes.

Mr. ROBINSON. What would take place?

Mr. O'MARA. Well, shortly after that we would get a notice by phone or in person that the rates would go up, and then likewise the other books would take part of that raise, too.

Mr. ROBINSON. Now, when this man came from Chicago, from the wire company, would he sit down and talk to your brother about the rates?

Mr. O'MARA. That is right. He would visit the place and look all over the place, come there in the afternoon when it was crowded.

Mr. ROBINSON. Would he discuss with your brother what the amount of your brother's business was?

Mr. O'MARA. He did in front of me once, that I know of, but he always spoke to my brother.

Mr. ROBINSON. He did discuss it once in front of you?

Mr. O'MARA. Once.

Mr. ROBINSON. Did he inquire as to how much your brother was receiving from the other handbook whom your brother was supplying with news?

Mr. O'MARA. I don't recall that.

Mr. ROBINSON. Did he discuss how much your brother was making from his other forms of gambling in the place?

Mr. O'MARA. He would talk about the crowds, about the other gambling that was in there, other than horses.

Mr. ROBINSON. He did talk about that?

Mr. O'MARA. That is right.

Mr. ROBINSON. Do you know whether or not that entered into the establishment of the rate in any way, the amount of money your brother was making from craps or roulette or whatever it was?

Mr. O'MARA. Yes; because some of them other gambling things wouldn't go on only at the end of the week.

Mr. ROBINSON. Well, did you get the impression that the amount of the rate for the service was fixed in some way in relation to the total amount of money your brother was making in the operation of the whole establishment?

Mr. O'MARA. That is right.

Mr. ROBINSON. Would they inquire as to how many other books your brother was supplying and how they were doing?

Mr. O'MARA. Yes, sir. Well, he would visit some of them, too.

Mr. ROBINSON. He would visit some of those with your brother?

Mr. O'MARA. Not with my brother.

Mr. ROBINSON. Just by himself?

Mr. O'MARA. Yes.

Mr. ROBINSON. Now did the same thing hold true of the other gambling place that your brother owned?

The CHAIRMAN. West Town Billiards.

Mr. O'MARA. No; he just——

Mr. ROBINSON. Or was the discussion about both establishments?

Mr. O'MARA. As one place:

Mr. ROBINSON. I see. Now were the other books that your brother supplied all in that area of Kenosha or were they outside?

Mr. O'MARA. All in Kenosha; none outside.

Mr. ROBINSON. Did your brother ever supply any books outside?

Mr. O'MARA. No, sir.

Mr. ROBINSON. Now, who were the people that visited the books? Were they all from Kenosha, or did they——

Mr. O'MARA. No; they came from all over, Highland Park, Chicago, Milwaukee, Racine.

Mr. ROBINSON. How did your brother handle the lay-off money; do you recall?

Mr. O'MARA. Somewhere in Chicago, I don't recall the building. I visited there once or twice; I know they called it a building.

Mr. ROBINSON. You don't remember the address of it?

Mr. O'MARA. No, sir.

Mr. ROBINSON. Or who was there?

Mr. O'MARA. No, sir. There was too many there for me to——

Mr. ROBINSON. Did your brother ever lose any—have to take any bad checks in the operation of the business?

Mr. O'MARA. Oh, plenty.

Mr. ROBINSON. Well, how much would you say he had to take over the course of a year?

Mr. O'MARA. One time I counted up the bad checks that were stopped or insufficient funds, and it amounted to \$30,000.

Mr. ROBINSON. Is that so?

Mr. O'MARA. Yes.

Mr. ROBINSON. Was that one time?

Mr. O'MARA. One time.

Mr. ROBINSON. Over the whole period of a year?

Mr. O'MARA. I never looked on the outside of the box, what year it was, but that was one box I examined.

Mr. ROBINSON. What would he do about it? Did your brother write them off?

Mr. O'MARA. Write them off.

Mr. ROBINSON. Now, do you recall where the scratch sheets were obtained by your brother for the operation of the handbook?

Mr. O'MARA. Well, we got them through an agency in Kenosha.

Mr. ROBINSON. Do you remember whose scratch sheet it was?

Mr. O'MARA. Green Scratch Sheet and the Red; we furnished both.

Mr. ROBINSON. Do you know whether the Green Scratch Sheet is the sheet published by the Illinois Sports Co.?

Mr. O'MARA. That is right.

Mr. ROBINSON. Does that refresh your recollection on it?

Mr. O'MARA. Yes, sir.

Mr. ROBINSON. Now, what other equipment was used in the book besides the scratch sheets? Did you have wall sheets or run-down sheets?

Mr. O'MARA. Forms; the World, a magazine for the horse people.

Mr. ROBINSON. Did you get any supplies and equipment from the Bentley & Murray Co.?

Mr. O'MARA. We got them all from there.

Mr. ROBINSON. Where is that company located? Do you know where it is located?

Mr. O'MARA. Somewhere in Chicago.

Mr. ROBINSON. Do you remember what the maximum amount was that was bet during the day at each of the books? Can you give a rough idea of what the total amount was that would be bet during the day?

Mr. O'MARA. Well, it varied so much. Sometimes we would have a good day, and sometimes we wouldn't.

Mr. ROBINSON. Well, would it vary between \$2,000 and \$20,000?

Mr. O'MARA. Somewhere between there, yes.

Mr. ROBINSON. Did your brother—was he able to run a poker game there?

Mr. O'MARA. That is right.

Mr. ROBINSON. Crap game?

Mr. O'MARA. Yes, sir; certain times. Sometimes it was stopped.

Mr. ROBINSON. Roulette wheel?

Mr. O'MARA. On Saturdays only.

Mr. ROBINSON. On Saturdays?

Mr. O'MARA. That is right.

Mr. ROBINSON. Were there many raids on the place?

Mr. O'MARA. In all the years I worked there, there was no raid.

Mr. ROBINSON. Did you have any slot machines in either of the places?

Mr. O'MARA. No, sir.

Mr. ROBINSON. Never at any time?

Mr. O'MARA. Never at any time.

Mr. ROBINSON. Was there any reason for that?

Mr. O'MARA. For not having them?

Mr. ROBINSON. Yes.

Mr. O'MARA. No; there was no reason.

Mr. ROBINSON. Are those two places, are they within the city?

Mr. O'MARA. Yes, sir.

Mr. ROBINSON. They are not out in the country?

Mr. O'MARA. No, sir; about 23 blocks apart.

Mr. ROBINSON. Right in the city?

Mr. O'MARA. Yes, sir.

Mr. ROBINSON. How many rooms did they occupy?

Mr. O'MARA. One had two rooms, one where the pool table was, and one where the book was; each about the same.

Mr. ROBINSON. How large would the handbook be?

Mr. O'MARA. I would say, the width of this building is 25 by 70 feet.

Mr. ROBINSON. I see.

Mr. O'MARA. That is a rough guess.

Mr. ROBINSON. Now, was there a raid there in about 1948?

Mr. O'MARA. Yes, sir.

Mr. ROBINSON. Do you remember that raid?

Mr. O'MARA. I wasn't there. I was in the city. I wasn't in the building. I was managing a hotel at that time. I'd been away from it for 2 years.

Mr. ROBINSON. When did you leave your brother?

Mr. O'MARA. In 1948.

Mr. ROBINSON. In 1948. Do you remember whether both handbooks were raided or just one?

Mr. O'MARA. One.

Mr. ROBINSON. And which one was that?

Mr. O'MARA. Downtown.

Mr. ROBINSON. 520 Fifty-eighth Street?

Mr. O'MARA. Yes, sir.

Mr. ROBINSON. And how long did it remain closed up?

Mr. O'MARA. Well, not very long. About a week, I guess.

Mr. ROBINSON. And it opened up again after that?

Mr. O'MARA. Yes.

Mr. ROBINSON. How was your brother able to operate two handbooks right in the heart of the city of Kenosha? Can you give any explanation—

Mr. O'MARA. Well, each—there was four books downtown and each one of them had a west side branch. There was about eight altogether, I guess, and he had one downtown and the other people had one downtown, and they had one on the west side, too.

Mr. ROBINSON. Well, but your brother was supplying news—

Mr. O'MARA. Service.

Mr. ROBINSON. To all of them?

Mr. O'MARA. Service, yes. I don't know what the question is, again.

Mr. ROBINSON. Well, I will give you the question again. How were all those books, including your brother's two books, able to operate right in the heart of the city for such a long period of time?

Mr. O'MARA. Well, the only way to answer that, I suppose, would be to say that the police never visited there, only at certain hours of the day, and then we took everything down until they got out and put it back up again. There was no—ever any raids before that, prior to that time.

Mr. ROBINSON. Well, would the police come in the poolroom part of it?

Mr. O'MARA. Every day, every evening. Day and night. They'd come in twice a day.

Mr. ROBINSON. In the poolroom part?

Mr. O'MARA. The poolroom and the book.

Mr. ROBINSON. And they would go on into the book?

Mr. O'MARA. The book and—

Mr. ROBINSON. What would be going on in the book when they came in there?

Mr. O'MARA. People just sitting around reading the form, lights.

Mr. ROBINSON. Would there be any actual betting going on?

Mr. O'MARA. No, no.

Mr. ROBINSON. Well, how would you know how to stop things when the police were coming in?

Mr. O'MARA. Well, we'd have somebody outside. There was a gambling squad that used to go around, and they would know who they were.

Mr. ROBINSON. Were they uniformed police?

Mr. O'MARA. No; plain-clothes men.

Mr. ROBINSON. And somebody outside would spot the squad car coming around?

Mr. O'MARA. They wouldn't come around. They were on foot.

Mr. ROBINSON. They were on foot?

Mr. O'MARA. Yes, sir.

Mr. ROBINSON. And did you have somebody standing out there for that purpose, to watch for them?

Mr. O'MARA. That is right; yes, sir.

Mr. ROBINSON. Was that a regular job somebody had?

Mr. O'MARA. That was anybody that was—a lot of times it would be different people, but mostly a board boy would—

Mr. ROBINSON. Mostly the who?

Mr. O'MARA. The board boy, the man that marked up the boards.

Mr. ROBINSON. He would be standing outside the building?

Mr. O'MARA. He would go outside at a certain time and stay there until he would see them. Then he would come downstairs and turn out what lights were left and take everything down, take the sheets off the wall.

Mr. ROBINSON. Did your brother have any system of paying off to the local police?

Mr. O'MARA. None that I know of.

Mr. ROBINSON. Or any other local officials?

Mr. O'MARA. Some of the council. He done all that mostly.

Mr. ROBINSON. Your brother handled all that himself?

Mr. O'MARA. Yes; he handled it himself.

Mr. ROBINSON. You never handled any of it?

Mr. O'MARA. Yes; I handled a lot of it. I handled some, too.

Mr. ROBINSON. What did you handle?

Mr. O'MARA. The councilmen, a couple of councilmen that were there during that time. They were elected three terms, 2 years for each term, and I took care of them.

Mr. ROBINSON. How would you take care of them?

Mr. O'MARA. We would get word from them on what they wanted, and then I would go out and try to get the amount.

Mr. ROBINSON. I don't hear you very well. Will you keep your voice up, Mr. O'Mara? Am I going too fast for you?

Mr. O'MARA. A little bit.

Mr. ROBINSON. Let's go back. How would you take care of the councilmen?

Mr. O'MARA. Well, one instance where they wanted \$15,000, these two, one was the president of the council, the other a member. There were only seven men on the council and I had word from my brother to go out and see them, and I made contact with them, made an

appointment, and met them on the west side of the city and told them that he was unable to pay that much money.

Mr. ROBINSON. Were you with your brother at the time?

Mr. O'MARA. No; I was alone.

At that time we didn't have a crap game and things wasn't so good, so we couldn't afford it. We had a large family. So they arranged to have the crap game put back in there again. The chief of police was visited. He is now dead—Sullivan was his name.

Mr. ROBINSON. Did you visit the chief of police or did your brother?

Mr. O'MARA. My brother visited the chief. I went back to my brother and told him what they wanted, how they wanted it, and we got it down to about \$7,500. I carried them that much money.

Mr. ROBINSON. To whom?

Mr. O'MARA. To those two councilmen.

Mr. ROBINSON. The ones that you had previously talked to?

Mr. O'MARA. That is right.

Mr. ROBINSON. And who were the councilmen?

Mr. O'MARA. The reason—I would like to explain that—the attorney general of the State of Wisconsin is now investigating this whole condition and I would like to refrain from naming them people because it might interfere with that grand jury that is being formed.

Mr. ROBINSON. I didn't get the last part?

Mr. O'MARA. I would like to refrain from saying anything about that in order to protect the attorney general of Wisconsin who is now going through the process of advising the Kenosha County board of whether or not it is necessary to have a grand jury investigation. If I divulge any of the men's names it might jeopardize that investigation.

The CHAIRMAN. Have you been subpoenaed to appear before any grand jury?

Mr. O'MARA. I have been there twice, to Madison, Wis.

Senator KEFAUVER. Is the grand jury in session now in Kenosha?

Mr. O'MARA. No; the governor of Wisconsin stopped the Kenosha County board from having a John Doe hearing under the advice that it was too serious, and he insisted on the attorney general, and he appointed Mr. Willkie as chief investigator for Mr. Fairchild, the attorney general, and now they are having their bookkeepers and everybody go through the records there, the court records and my brother's books, with the understanding that if it is serious enough they will advise the county board to call a grand jury.

The CHAIRMAN. So it is a preliminary investigation?

Mr. O'MARA. Up to now.

The CHAIRMAN. Mr. O'Mara, we have been in touch with the attorney general and his office. They haven't requested any secrecy, so I can't see how, if they are investigating their books, they must know who they are, and I can't see how your testimony would prejudice or hurt the grand jury investigation. So you will be asked to answer the question.

Mr. O'MARA. The names of the two men?

Mr. ROBINSON. Will you give the two names you have referred to?

Mr. O'MARA. President of the council, his name was Watkins, Claude Watkins. And the other member was Howard Coates.

Mr. ROBINSON. Are they now in office?

Mr. O'MARA. No.

Mr. ROBINSON. When were they out of office? When did they leave office?

Mr. O'MARA. At the time I left my brother's employment, in 1948.

Mr. ROBINSON. 1948?

Mr. O'MARA. 1947 or 1948.

Mr. ROBINSON. 1947 or 1948?

Mr. O'MARA. Somewhere in there.

Mr. ROBINSON. Did you actually deliver the amount yourself to the councilmen?

Mr. O'MARA. In so many payments, a couple of thousand each time.

Mr. ROBINSON. Was that on a weekly basis?

Mr. O'MARA. No.

Mr. ROBINSON. Just spread over—

Mr. O'MARA. Just spread over.

Mr. ROBINSON (continuing). A period of time?

Mr. O'MARA. That is right.

Mr. ROBINSON. Did you make any payments to anyone else in the local government?

Mr. O'MARA. Not that I know of.

Mr. ROBINSON. Did you ever make any payments to the chief of police?

Mr. O'MARA. No, sir.

Mr. ROBINSON. Were there any other payments made to anyone else connected with law enforcement in Kenosha?

Mr. O'MARA. No, sir.

Mr. ROBINSON. That was the only payment?

The CHAIRMAN. At least, that is the only payment you know about?

Mr. O'MARA. That is all that I know about.

Mr. ROBINSON. Were there any other gifts made that were not cash gifts?

Mr. O'MARA. There were cash gifts on Christmas. Each of those two councilmen I carried \$200 apiece.

Mr. ROBINSON. Which was in addition to the amount you have already related?

Mr. O'MARA. That is right.

Mr. ROBINSON. Were there any gifts of anything else besides cash made to those councilmen?

Mr. O'MARA. At times I would deliver a case of whisky once in a while to these two councilmen.

Mr. ROBINSON. Were there any gifts made to any State officials, outside of the local government?

Mr. O'MARA. Not to my knowledge. If it was, it was through campaigns.

Mr. ROBINSON. Well, what campaign expenditures did your brother make? What campaign contributions?

The CHAIRMAN. What you know about it of your own knowledge.

Mr. O'MARA. I don't know.

The CHAIRMAN. I mean, if you know, why you can testify. I don't want you just to guess. Do you know?

Mr. O'MARA. No, I don't know.

The CHAIRMAN. All right.

Mr. ROBINSON. Now, Mr. O'Mara, do you know anything about the operations of the handbooks in any other place in Wisconsin, except

Kenosha? Do you know what the situation was in Milwaukee, or Racine, or Madison?

Mr. O'MARA. I know there were books there, and I knew some of the people in Racine that had the book. Milwaukee I didn't know.

Mr. ROBINSON. Do you pronounce that Racine?

Mr. O'MARA. Racine, yes.

Mr. ROBINSON. Who were the people in Racine who operated the books?

Mr. O'MARA. A fellow by the name of Cohn. I don't know what his first name was.

Mr. ROBINSON. Is that C-o-h-n?

Mr. O'MARA. That is right.

Mr. ROBINSON. Had you visited that place?

Mr. O'MARA. I visited it.

Mr. ROBINSON. While you were employed by your brother?

Mr. O'MARA. That is right.

Mr. ROBINSON. Was he buying news from your brother?

Mr. O'MARA. No sir; he had a machine of his own in Racine.

Mr. ROBINSON. You don't know where he was getting the service?

Mr. O'MARA. Not to my knowledge; no.

Mr. ROBINSON. Was Cohn a Wisconsin man?

Mr. O'MARA. A Racine man; yes, sir.

Mr. ROBINSON. A local Racine man?

Mr. O'MARA. That is right.

Mr. ROBINSON. Do you know how many other handbooks there were in Racine?

Mr. O'MARA. I don't know. I never visited anyone except his place.

Mr. ROBINSON. Do you know whether Cohn is still operating?

Mr. O'MARA. That I don't know.

Mr. ROBINSON. He was, up until 1948?

Mr. O'MARA. He was, up until the time I left there.

Mr. ROBINSON. How about Madison?

Mr. O'MARA. Well, I never visited there. I wouldn't know who has the Madison books.

Mr. ROBINSON. You did not know any handbook operators in Madison?

Mr. O'MARA. No, sir.

Mr. ROBINSON. Did you know any in Milwaukee?

Mr. O'MARA. Just the fellow's name that had the machine there.

Mr. ROBINSON. Who was that?

Mr. O'MARA. Simon—Mr. Simon—I don't know what his first name was.

Mr. ROBINSON. He had what kind of a machine?

Mr. O'MARA. The same ticker machine that we had.

Mr. ROBINSON. Was he actually operating a handbook?

Mr. O'MARA. That is right.

Mr. ROBINSON. Was he selling news to other handbooks?

Mr. O'MARA. I wouldn't know.

Mr. ROBINSON. Like your brother was in Kenosha?

Mr. O'MARA. I wouldn't know if he was or not.

Mr. ROBINSON. Do you know anything about the operation of handbooks in the northern part of the State?

Mr. O'MARA. No, sir.

Mr. ROBINSON. Had you ever been up in that territory and visited any handbooks?

Mr. O'MARA. I went up there hunting.

Mr. ROBINSON. Mercer, have you ever been to Mercer?

Mr. O'MARA. No; I never was there.

The CHAIRMAN. Speak up, Mr. O'Mara.

Mr. O'MARA. No, sir; I was not there.

The CHAIRMAN. All right, Mr. Robinson.

Mr. ROBINSON. Now how often would the police come around your brother's two handbooks?

Mr. O'MARA. Twice a day.

Mr. ROBINSON. Twice a day?

Mr. O'MARA. Once in the afternoon and once at night.

Mr. ROBINSON. This went on over the long period of time?

Mr. O'MARA. A long period of time.

Mr. ROBINSON. They never did find anything operating there?

Mr. O'MARA. No, never found anything wrong when they were there.

The CHAIRMAN. Anything else, Mr. Robinson?

Mr. ROBINSON. I have no more.

The CHAIRMAN. I take it, then, it was arranged and you understood that the police would come at certain hours during the day?

Mr. O'MARA. That is right.

The CHAIRMAN. They would come about——

Mr. O'MARA. Two o'clock.

The CHAIRMAN. Two o'clock, and what other time?

Mr. O'MARA. Seven o'clock.

The CHAIRMAN. And you would be on the lookout for them at that time?

Mr. O'MARA. At 2 o'clock we would because the book was in operation, but at night there was nothing there but poker and there was no money showing.

The CHAIRMAN. Anyway, the police understood the time they were to call, at 2 o'clock and 7 o'clock?

Mr. O'MARA. I wouldn't know. I know they came at that time; I didn't know about the arrangement.

The CHAIRMAN. That was part of the arrangement you worked out with the councilmen?

Mr. O'MARA. We never made no arrangements with the council. My brother handled anything pertaining to the chief of police.

The CHAIRMAN. What was all of this money for?

Mr. O'MARA. It was a demand made by these two men for \$15,000 or they would—every once in a while when the police, when the members of the police and fire board would get up in the police and fire board meetings and want the chief to resign, and then my brother would get word from him, and then I would go to one of these members that was taking this money, and that was withdrawn, that resignation was withdrawn.

The CHAIRMAN. You mean somebody would demand the chief resign and you would go to these people and then the demand would be withdrawn; is that right?

Mr. O'MARA. That is right. Of course, they did it over many times. I assume that was what it was.

The CHAIRMAN. You say you offered \$7,500, but told them business was bad, so arrangement was made to put the crap game back so you could increase business?

Mr. O'MARA. So we could pay the \$7,000.

The CHAIRMAN. So you could pay the \$7,000. You explained to them you didn't have enough gambling going on to enable you to pay \$7,500?

Mr. O'MARA. That is right.

The CHAIRMAN. Did they suggest that you put the crap game back in?

Mr. O'MARA. They suggested—I told them—they said, "Your brother ought to be able to pay that with a crap game in there, and two tables," and I said, "There is no crap game in there; there haven't been any in there for 4 years," so then they said that it was somebody else that had the heat on them besides them, so one of these members, Claude Watkins, agreed to go to the chief on a certain day and meet with him, and that was the signal to O. K. the crap game.

The CHAIRMAN. You got a signal the crap game was O. K.?

Mr. O'MARA. That is right.

The CHAIRMAN. And you put it in?

Mr. O'MARA. That is right.

The CHAIRMAN. Well, when these police would come into your place, they could see the crap table, couldn't they?

Mr. O'MARA. That room would be closed off.

The CHAIRMAN. I thought you said the police would come right into the bookie room.

Mr. O'MARA. They would come right into that room, but there was a separate room for craps.

The CHAIRMAN. Oh, you had three rooms, the bookie room, the poker room, and the room for the crap tables?

Mr. O'MARA. That is right. I am sorry.

The CHAIRMAN. All they would see when they walked in at 2 and at 7 would be people sitting around reading forms?

Mr. O'MARA. Reading the paper, reading the scratch sheet.

The CHAIRMAN. They couldn't see the ticker?

Mr. O'MARA. The ticker was in the office upstairs.

The CHAIRMAN. You just brought it down when you——

Mr. O'MARA. We left it there and run wires to a public address system.

The CHAIRMAN. They could see the public address system there?

Mr. O'MARA. That would be shut off. Yes; they could see it there if they wanted to.

The CHAIRMAN. All right, thank you.

Mr. ROBINSON. I have one or two questions.

Did your brother have a partner in the operation?

Mr. O'MARA. No partners.

Mr. ROBINSON. Has your brother's business dropped off since '48 so far as you know?

Mr. O'MARA. Yes, sir.

Mr. ROBINSON. Was there some book that was set up in the Summers Township by a name named Stanley Miller?

Mr. O'MARA. That is right.

Mr. ROBINSON. That is outside the city limits?

Mr. O'MARA. That is outside the city limits.

Mr. ROBINSON. And he has a drop there?

Mr. O'MARA. He has a drop there.

Mr. ROBINSON. And competing with your brother?

Mr. O'MARA. What?

Mr. ROBINSON. Competing with your brother?

Mr. O'MARA. We didn't go out in the country. We have got a lot of county debtors, but we never went out there with news. My brother refused to give them service, so they secured it themselves.

Mr. ROBINSON. And does a man named Ed Griffith run that place?

Mr. O'MARA. He was the one that has been padlocked on North Sheridan Road. I don't know whether he is involved in this new place that has just been raided or not.

Mr. ROBINSON. Is he outside the city limits?

Mr. O'MARA. He is outside the city limits.

Mr. ROBINSON. How does he get his customers out there?

Mr. O'MARA. Automobiles.

Mr. ROBINSON. Well, what do you mean? Does he come in——

Mr. O'MARA. Has a couple of cars to bring people in from Kenosha, and everybody else drives out there.

Mr. ROBINSON. But he provides some service for his customers to meet the trains, go into town and pick up people who want to come out there and gamble?

Mr. O'MARA. That is right.

Mr. ROBINSON. That is all.

The CHAIRMAN. That is all. Thank you.

(Witness excused.)

The CHAIRMAN. Mr. Ralph Capone. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CAPONE. I do.

TESTIMONY OF RALPH J. CAPONE, CHICAGO, ILL.

Mr. HALLEY. What is your full name, please?

Mr. CAPONE. Ralph J. Capone.

Mr. HALLEY. And what is your address?

Mr. CAPONE. 7244 Prairie Avenue.

Mr. HALLEY. Chicago?

Mr. CAPONE. Yes, sir.

Mr. HALLEY. Have you any other residence?

Mr. CAPONE. Mercer, Wis.

Mr. HALLEY. And what is the address there?

Mr. CAPONE. Mercer, Wis.

Mr. HALLEY. How old are you, Mr. Capone?

Mr. CAPONE. Fifty-six.

Mr. HALLEY. And where were you born?

Mr. CAPONE. Italy; Naples, Italy.

Mr. HALLEY. When did you come to the United States?

Mr. CAPONE. Oh, I was, I think, 16 months old.

Mr. HALLEY. Are you a citizen of the United States?

Mr. CAPONE. Yes, sir.

Mr. HALLEY. When did you become a citizen?

Mr. CAPONE. My father took papers in 1906.

Mr. HALLEY. And you became a citizen by virtue of your father's papers?

Mr. CAPONE. That is right.

Mr. HALLEY. Mr. Capone, have you ever been convicted of crime?

Mr. CAPONE. Income tax.

Mr. HALLEY. When was that?

Mr. CAPONE. 1931.

Mr. HALLEY. And you were sentenced to a term of 3 years; is that right?

Mr. CAPONE. That is right.

Mr. HALLEY. You served that term?

Mr. CAPONE. Yes.

Mr. HALLEY. In 1921 or 1922 you were convicted of a liquor violation?

Mr. CAPONE. Yes. I was tending bar, and I was fined, I think \$50 or \$25, something like that.

Mr. HALLEY. You were arrested with Salvadore Special, I believe, and you were fined a hundred dollars; is that right?

Mr. CAPONE. That is right.

Mr. HALLEY. And in 1921 you were fined, I believe, \$5 on a liquor violation; is that right?

Mr. CAPONE. Five dollars? I don't remember that.

Mr. HALLEY. Now, since——

Mr. CAPONE. 1921? I was not in Chicago. I couldn't have been.

Mr. HALLEY. Well; let's see. In July 1921, July 3?

Mr. CAPONE. Where at?

Mr. HALLEY. Chicago.

Mr. CAPONE. I was not here.

Mr. HALLEY. Where were you in 1921?

Mr. CAPONE. I come to Chicago in February 1922.

Mr. HALLEY. Where were you in 1921?

Mr. CAPONE. In Brooklyn.

Mr. HALLEY. You lived in New York at that time?

Mr. CAPONE. Yes, sir.

Mr. HALLEY. Now, between 1923 and 1931 you were arrested on a great number of occasions, were you not?

Mr. CAPONE. That is right.

Mr. HALLEY. For various offenses?

Mr. CAPONE. That's right.

Mr. HALLEY. And on no occasion were you convicted of anything?

Mr. CAPONE. No.

Mr. HALLEY. Until the income-tax indictment which was brought in 1930; is that right?

Mr. CAPONE. That's right.

Mr. HALLEY. Now, when you came to this country, did your parents originally take you to Brooklyn?

Mr. CAPONE. That's right.

Mr. HALLEY. And you lived there from the time you were 13 months old until you were about 28 years old; is that right?

Mr. CAPONE. Approximately; yes.

Mr. HALLEY. Did you go to school in Brooklyn?

Mr. CAPONE. I did.

Mr. HALLEY. Did you go through grade school?

Mr. CAPONE. No; I didn't finish grade school.

Mr. HALLEY. What occupation did you have after you left school?

Mr. CAPONE. Oh, I worked as a messenger boy, I worked as a delivery boy, I had several jobs. I had a trade, paper and cloth cutter for a bindery. I worked in the insurance business, several jobs.

Mr. HALLEY. Were you ever arrested in New York or in Brooklyn?

Mr. CAPONE. Not that I know of.

Mr. HALLEY. You were not?

Mr. CAPONE. Not that I know of.

Mr. HALLEY. Well, when you came to Chicago did you come alone?

Mr. CAPONE. I did.

Mr. HALLEY. At that time, where were your brothers, Al and John—

Mr. CAPONE. Al was here.

Mr. HALLEY. Al was already here?

Mr. CAPONE. Yes.

Mr. HALLEY. And your other brothers?

Mr. CAPONE. They were in Brooklyn.

Mr. HALLEY. They were in Brooklyn?

Mr. CAPONE. That's right.

Mr. HALLEY. Did you come here to join your brother Al?

Mr. CAPONE. Well, partially. I just came here; that is all; no special reason.

Mr. HALLEY. Would you try to talk up just a little louder?

Mr. CAPONE. No special reason for coming. I just came here, not to join him or anything.

Mr. HALLEY. In what business did you make your living when you came to Chicago?

Mr. CAPONE. I worked in a roadhouse tending bar.

Mr. HALLEY. Bartender?

Mr. CAPONE. Yes.

Mr. HALLEY. What was your brother Al doing at that time?

Mr. CAPONE. Oh, I don't particularly know. I don't remember.

Mr. HALLEY. Well, some time shortly after that you did go into the liquor business, did you not?

Mr. CAPONE. Me?

Mr. HALLEY. Bootlegging?

Mr. CAPONE. Selling beer, yes.

Mr. HALLEY. Were you in the beer business with your brother Al?

Mr. CAPONE. No.

Mr. HALLEY. You were on your own?

Mr. CAPONE. That's right.

Mr. HALLEY. And did you handle liquor, too?

Mr. CAPONE. No.

Mr. HALLEY. How long were you in that business? When did you first go into it?

Mr. CAPONE. Oh, I'd say approximately 6 years; from about 1923 up, 6, 7 years.

Mr. HALLEY. From about 1923 until you were indicted?

Mr. CAPONE. Something like that; yes.

Mr. HALLEY. During that period did you have an interest in a brewery?

Mr. CAPONE. No.

Mr. HALLEY. Where did you get your supply of beer?

Mr. CAPONE. Well, I purchased it and sold it. In fact, it was delivered and I'd get so much a barrel, never bought it direct, from a brewery.

Mr. HALLEY. Well, to whom did you sell it, to various taverns?

Mr. CAPONE. Various taverns; yes, sir.

Mr. HALLEY. And where did you buy it?

Mr. CAPONE. Well, I did business with a man by the name of Guzik. I got the beer through him.

Mr. HALLEY. You mean Jack Guzik?

Mr. CAPONE. That's right.

Mr. HALLEY. Did he have a brewery?

Mr. CAPONE. I don't know.

Mr. HALLEY. Where did he get it?

Mr. CAPONE. I don't know.

Mr. HALLEY. Did you buy it from anyone else?

Mr. CAPONE. I think once I bought some beer from somebody in Joliet—I don't even know the names—once or twice.

Mr. HALLEY. Did you have a brewery called the Great Lakes Brewery?

Mr. CAPONE. No.

Mr. HALLEY. Did you ever hear of the Great Lakes Brewery?

Mr. CAPONE. Yes.

Mr. HALLEY. Was that operating during prohibition making beer?

Mr. CAPONE. I wouldn't know.

Mr. HALLEY. Did you ever hear that it was?

Mr. CAPONE. No.

Mr. HALLEY. Well, where did this beer come from?

Mr. CAPONE. I don't know.

Mr. HALLEY. There were some breweries operating, weren't there?

Mr. CAPONE. I suppose.

Mr. HALLEY. Well, you know. This is a long time ago. We might just as well get the facts now for once and for all.

Mr. CAPONE. Well, I suppose there must have been some breweries out. There was beer in circulation.

Mr. HALLEY. Well, which were the breweries that were operating that supplied the beer?

Mr. CAPONE. I wouldn't know.

Mr. HALLEY. How about the Manhattan Brewery?

Mr. CAPONE. I wouldn't know.

Mr. HALLEY. Well, did you ever have an interest in the Manhattan Brewery?

Mr. CAPONE. No.

Mr. HALLEY. Of no kind?

Mr. CAPONE. No.

Mr. HALLEY. Of no kind, direct or indirect?

Mr. CAPONE. No.

Mr. HALLEY. Did you ever hear of the Malt Made Brewery?

Mr. CAPONE. No.

Mr. HALLEY. Did you ever hear of the Fort Dearborn Products Co.?

Mr. CAPONE. Fort Dearborn Products Co.? There are several Fort Dearborn companies that advertise. Which one do you mean? I see them advertise in papers, radio, television.

Mr. HALLEY. Did you ever hear of the Fort Dearborn Products Co. in the beer business?

Mr. CAPONE. No.

Mr. HALLEY. Who were some of the people who worked for you, helping you deliver beer?

Mr. CAPONE. Oh, there was a fellow by the name of Arresso.

Senator KEFAUVER. How would you guess it would be spelled?

Mr. CAPONE. A-r-r-e-s-s-o, I guess.

Mr. HALLEY. Any other?

Mr. CAPONE. Fellow by the name of Dutch. I don't know his name.

Mr. HALLEY. Dutch who?

Mr. CAPONE. I don't know his last name.

Mr. HALLEY. Any others?

Mr. CAPONE. One or two others, I don't remember their names, it is so long ago.

Mr. HALLEY. After prohibition was over, did the Alcohol Tax Unit bring a claim against you for taxes?

Mr. CAPONE. They did.

Mr. HALLEY. On beer that you were claimed to have run during the prohibition period?

Mr. CAPONE. So they claimed; yes.

Mr. HALLEY. And you offered to settle that claim, did you not?

Mr. CAPONE. It was settled, I believe.

Mr. HALLEY. The Government claimed \$6,000 in taxes?

Mr. CAPONE. Something like that. I don't remember exactly.

Mr. HALLEY. You offered \$2,000 in settlement, is that right?

Mr. CAPONE. I think that is right.

Mr. HALLEY. Were there any other people tied up in that situation with you?

Mr. CAPONE. I guess there were quite a bunch, wasn't there?

Mr. HALLEY. Who were they?

Mr. CAPONE. I don't know. There was too many of them. Lots of truck drivers which they never saw. They just had a lot of names.

Mr. HALLEY. Michael LePressi?

Mr. CAPONE. I wouldn't remember.

Mr. HALLEY. You mean you don't remember any of these people?

Mr. CAPONE. I remember some of them. I don't remember Michael LePressi. Mention a few more.

Mr. HALLEY. John Knowland?

Mr. CAPONE. John Knowland was one.

Mr. HALLEY. Nick Jeffers?

Mr. CAPONE. Nick Jeffers, yes.

Mr. HALLEY. Joe Fusco?

Mr. CAPONE. Yes.

Mr. HALLEY. Any others?

Mr. CAPONE. I believe Guzik and Al was in there, too, weren't they?

Mr. HALLEY. Al Capone?

Mr. CAPONE. I think so.

Mr. HALLEY. How many of these people actually were in business with you?

Mr. CAPONE. In business? None.

Mr. HALLEY. None of them were in business with you?

Mr. CAPONE. No.

Mr. HALLEY. You had no relations with any of them?

Mr. CAPONE. No.

Mr. HALLEY. You had some with Guzik you testified?

Mr. CAPONE. That is all.

Mr. HALLEY. What business relations did you have with your brother Al during the prohibition period?

Mr. CAPONE. None; none that I know of.

Mr. HALLEY. What business was he in?

Mr. CAPONE. I never asked him.

Mr. HALLEY. You were closely associated with him, weren't you?

Mr. CAPONE. Not too closely.

Mr. HALLEY. Where did you live in the 1920's? Where did you first live when you came to Chicago?

Mr. CAPONE. When I first came here, I lived on Farwell and Sheridan with my brother. Then I moved out to where I worked and I lived in Cicero. That is that.

Mr. HALLEY. Did you ever live at the Lexington Hotel?

Mr. CAPONE. No.

Mr. HALLEY. Were you ever in the Lexington Hotel?

Mr. CAPONE. I was.

Mr. HALLEY. Your brother lived there, did he not?

Mr. CAPONE. He did.

Mr. HALLEY. Did you visit there often?

Mr. CAPONE. Not too often.

Mr. HALLEY. Well, were you there once a week?

Mr. CAPONE. Not that often, every 2 or 3 weeks.

Mr. HALLEY. You were on friendly terms with your brother, were you not?

Mr. CAPONE. Always.

Mr. HALLEY. Did you have the same friends?

Mr. CAPONE. No.

Mr. HALLEY. Did you, for instance, know John Patton?

Mr. CAPONE. Yes.

Mr. HALLEY. Where did you first meet him?

Mr. CAPONE. I don't remember. I met him years ago. Just where, I don't know.

Mr. HALLEY. He was known as the boy mayor of Burnham, wasn't he?

Mr. CAPONE. He was.

Mr. HALLEY. Did you ever have any operations in Burnham?

Mr. CAPONE. No.

Mr. HALLEY. Burnham was a place where there was a great deal of gambling going on, wasn't it?

Mr. CAPONE. I guess so.

Mr. HALLEY. And a considerable amount of prohibition violations there?

Mr. CAPONE. I guess the same as any other city or town in the country.

Mr. HALLEY. Well, that was one particular place where you had a lot of "in" with the mayor, isn't it?

Mr. CAPONE. Who had a lot of "in" with the mayor?

Mr. HALLEY. You and your friends.

Mr. CAPONE. I don't know anything about it.

Mr. HALLEY. How did you meet Patton?

Mr. CAPONE. I don't know. I just happened to meet him. I was introduced, I forget, it is so long ago.

Mr. HALLEY. Did you ever meet him with your brother Al?

Mr. CAPONE. I must have.

Mr. HALLEY. Did you ever meet O'Hare, did you ever meet him with O'Hare?

Mr. CAPONE. I saw them at the dog track in Cicero several years ago, 1928 or 1929. Then at Sportsman's Park, I have seen them together there.

Mr. HALLEY. Did you ever have any interest in Sportsman's Park?

Mr. CAPONE. No.

Mr. HALLEY. Did you ever have any interest in any race track?

Mr. CAPONE. No.

Mr. HALLEY. Or in any dog track?

Mr. CAPONE. No.

Mr. HALLEY. Direct or indirect?

Mr. CAPONE. No.

Mr. HALLEY. You would go to the dog tracks often, would you not?

Mr. CAPONE. Well, I went several times, yes.

Mr. HALLEY. Did you go with your brother?

Mr. CAPONE. I might have—once or twice.

Mr. HALLEY. Did you know Frank Nitti?

Mr. CAPONE. Yes.

Mr. HALLEY. And did you know William H. Johnston?

Mr. CAPONE. No.

Mr. HALLEY. Did you ever meet him at Sportsman's Park?

Mr. CAPONE. No. I might have seen him, but I didn't know him or who he was.

Mr. HALLEY. Or at the dog tracks?

Mr. CAPONE. No.

Mr. HALLEY. Did you ever have any interest in a kennel club in Florida?

Mr. CAPONE. No.

Mr. HALLEY. What were your other business interests during the period from 1922 to 1931, besides the beer business?

Mr. CAPONE. Oh, I don't know. The Government had a lot of figures at that time, about income tax—I mean, about gambling, but I don't care to answer that question.

Mr. HALLEY. Well, you were in various gambling businesses, without being specific, were you not?

Mr. CAPONE. Well, I think that is a bad question for me to answer.

Mr. HALLEY. Let's be perfectly reasonable about this. In the first place, you have no privilege, unless there is a Federal claim involved.

Mr. CAPONE. I know. There is no immunity?

Mr. HALLEY. No immunity so far as the State is concerned.

Mr. CAPONE. That question may be incriminating—wouldn't it?

Mr. HALLEY. Anyhow it is so long ago, the statute of limitations must have run on any gambling you did before 1931?

Mr. CAPONE. I refuse to answer.

Mr. HALLEY. So be practical about it.

Mr. CAPONE. I refuse to answer.

Mr. HALLEY. You have no privilege. You are subject to contempt if you refuse to answer.

Mr. CAPONE. I cannot help that.

Mr. HALLEY. When you were in the gambling business in 1928, say?
(No answer.)

Mr. HALLEY. Are you unwilling to answer that question, Mr. Capone?

The CHAIRMAN. Was that the claim of the Government, that you were in a lot of gambling businesses?

Mr. CAPONE. That is right.

The CHAIRMAN. All right.

Mr. HALLEY. Did you ever have an interest in a place called The Ship?

Mr. CAPONE. No.

Mr. HALLEY. Did you have an interest in a place called The Rock Garden Club?

Mr. CAPONE. No.

Mr. HALLEY. What are your present business interests?

Mr. CAPONE. I manage a hotel in Mercer.

Mr. HALLEY. What is the name of that hotel?

Mr. CAPONE. The Rex Hotel.

Mr. HALLEY. And you say you manage it?

Mr. CAPONE. Yes.

Mr. HALLEY. Who owns it?

Mr. CAPONE. It is a corporation.

Mr. HALLEY. Who owns the stock in the corporation?

Mr. CAPONE. A man by the name of Fell and Beekman.

Mr. HALLEY. Do you have any stock in the corporation?

Mr. CAPONE. No.

Mr. HALLEY. What is your salary for managing it?

Mr. CAPONE. Approximately, \$3,000 a year.

Mr. HALLEY. Do you spend your full time on that job?

Mr. CAPONE. Most of it.

Mr. HALLEY. When did you get the job of managing the Rex Hotel?

Mr. CAPONE. Oh, sometime in 1945.

Mr. HALLEY. And at that time you went to work for \$3,000 a year?

Mr. CAPONE. That is right—\$100 a week in the summer and \$50 in the winter.

Mr. HALLEY. Do you know when your employers bought that stock in the Rex Hotel?

Mr. CAPONE. August 1945.

Mr. HALLEY. When did you go to work for them?

Mr. CAPONE. Right away.

Mr. HALLEY. Did you ask them to buy the Rex Hotel?

Mr. CAPONE. No.

Mr. HALLEY. How long had you known them before they bought the Rex Hotel?

Mr. CAPONE. Several years, sir.

Mr. HALLEY. Did you know them in Chicago?

Mr. CAPONE. No.

Mr. HALLEY. You met them in Mercer?

Mr. CAPONE. That is right.

Mr. HALLEY. What business had they been in previously?

Mr. CAPONE. Well, I wouldn't know directly. I don't pry into people's business.

Mr. HALLEY. What did you need with a \$3,000 job in 1945?

Mr. CAPONE. What did I need with it?

Mr. HALLEY. Yes.

Mr. CAPONE. I needed it.

Mr. HALLEY. What other business interests did you have in 1945?

Mr. CAPONE. 1944 and 1945 I was interested in the place called Beaver Lodge.

Mr. HALLEY. What was your interest in Beaver Lodge?

Mr. CAPONE. A 50 percent interest.

Mr. HALLEY. And who had the other 50 percent?

Mr. CAPONE. The people who owned the property, Cruksdix is the name.

Mr. HALLEY. Where is Beaver Lodge located?

Mr. CAPONE. In Mercer.

Mr. HALLEY. What is the value of Beaver Lodge, do you know?

Mr. CAPONE. I don't know. I know it is in the real-estate business.

Mr. HALLEY. What did you pay for your stock in it?

Mr. CAPONE. I paid—I had a deal, I paid a thousand dollars a year for 5 years, and I would be a 50 percent partner in the business. I pulled out after 2 years; I lost \$2,000 on it.

Mr. HALLEY. What other business did you have in 1944 and 1945?

Mr. CAPONE. Well, the cigarette business.

Mr. HALLEY. Suburban Cigarette Co.?

Mr. CAPONE. That is right.

Mr. HALLEY. Where is that located?

Mr. CAPONE. Well, it is all over, different parts of the county, scattered territory.

Mr. HALLEY. In Wisconsin?

Mr. CAPONE. No, the State here.

Mr. HALLEY. In Cook County?

Mr. CAPONE. That is right.

Mr. HALLEY. Who else has an interest in the Suburban Cigarette business?

Mr. CAPONE. No one.

Mr. HALLEY. What is the precise nature of the business?

Mr. CAPONE. What do you mean?

Mr. HALLEY. What do you do? What is the Suburban Cigarette Co.? Does it sell cigarettes?

Mr. CAPONE. Well, vending machines.

Mr. HALLEY. It operates vending machines?

Mr. CAPONE. That is right.

Mr. HALLEY. Where are the vending machines located?

Mr. CAPONE. Different parts of the county.

Mr. HALLEY. In stores and taverns?

Mr. CAPONE. That is right.

Mr. HALLEY. Are there any in taverns?

Mr. CAPONE. That is right.

Mr. CAPONE. In any other types of places?

Mr. CAPONE. Drug stores, taverns, stores—anybody that will put them up.

Mr. HALLEY. How many machines do you have?

Mr. CAPONE. Oh, approximately 200.

Mr. HALLEY. Where is the headquarters of your organization?

Mr. CAPONE. 4831 Twenty-second Street.

Mr. HALLEY. Now, you have from the Suburban Cigarette Co. had an income for some years?

Mr. CAPONE. Yes, sir.

Mr. HALLEY. And you still own it; is that right?

Mr. CAPONE. That is right.

Mr. HALLEY. In the last year the income from it was in the neighborhood of \$18,000, I believe?

Mr. CAPONE. That is true.

Mr. HALLEY. In the previous years it has not been that successful?

Mr. CAPONE. I think that last year was the biggest year, if I remember correctly.

Mr. HALLEY. Now, what other property do you own in and around Mercer, Wis.?

Mr. CAPONE. None.

Mr. HALLEY. Who owns Billy's Bar?

Mr. CAPONE. Corporation; that is part of the Rex Hotel. That is the same place; that is a cocktail lounge in the hotel.

Mr. HALLEY. Do you work for Billy's Bar, too?

Mr. CAPONE. Both; yes.

Mr. HALLEY. Do you own any property at Little Martha's Lake?

Mr. CAPONE. No.

Mr. HALLEY. Do you know of any property at Little Martha's Lake which you occupy?

Mr. CAPONE. Yes—no.

Mr. HALLEY. Do you have any at Big Martha's Lake?

Mr. CAPONE. I don't have no property; no.

Mr. HALLEY. Do you occupy or rent any?

Mr. CAPONE. Yes.

Mr. HALLEY. What property is that?

Mr. CAPONE. Some property that belongs to the family.

Mr. HALLEY. It belongs to your brother; is that right?

Mr. CAPONE. Brother; that is right.

Mr. HALLEY. What is the property? What is the nature of the property?

Mr. CAPONE. Just a home.

Mr. HALLEY. How many rooms does the home have?

Mr. CAPONE. It is 3 bedrooms, and living room, and kitchen, not 77 rooms.

Mr. HALLEY. How large is that property at Big Martha's Lake?

Mr. CAPONE. Ten-twelve acres.

Mr. HALLEY. How long have you occupied that property?

Mr. CAPONE. Almost 8 years.

Mr. HALLEY. Since about 1942?

Mr. CAPONE. Something like that.

Mr. HALLEY. You erected the house on it yourself; did you not?

Mr. CAPONE. No; I helped, but I didn't erect it.

Mr. HALLEY. You directed the construction?

Mr. CAPONE. I directed part of the construction; yes.

Mr. HALLEY. Your brother has never occupied the house; has he?

Mr. CAPONE. He has.

Mr. HALLEY. It has been your home, you just testified, since 1942.

Mr. CAPONE. He has been there. He has been there from time to time.

Mr. HALLEY. As your guest he was there?

Mr. CAPONE. No; he was there himself until the kids were taken to the Army. He had four kids and three they took in the Army and the mother refused to come out there and live.

Mr. HALLEY. Did you live there with him yourself?

Mr. CAPONE. At first we did; yes.

Mr. HALLEY. Now you live by yourself?

Mr. CAPONE. I have my nephew. One of his sons is there.

Mr. HALLEY. The point is you said you have lived there for 8 years.

Mr. CAPONE. Off and on, the family occupied it.

Mr. HALLEY. It was built 8 years ago?

Mr. CAPONE. That is right.

Mr. HALLEY. What is the value of that house?

Mr. CAPONE. The contract was \$13,500 and there is a \$7,500 mortgage on it.

Mr. HALLEY. It is worth about \$35,000-\$40,000 now; is it not?

Mr. CAPONE. I don't know.

Mr. HALLEY. A house built at that time for that money?

Mr. CAPONE. I don't know.

Mr. HALLEY. What is your brother's business—the owner of that house?

Mr. CAPONE. Nothing right now. He is blind.

Mr. HALLEY. What was his business in 1942?

Mr. CAPONE. Well, he went to work for me in the cigarette business; I just don't know what year, though, just right around that time.

Mr. HALLEY. Did you give him the money to buy the property and build the house?

Mr. CAPONE. No.

Mr. HALLEY. Where did he get it?

Mr. CAPONE. He got some money from my mother.

Mr. HALLEY. Where did she get it?

Mr. CAPONE. Well, she has had it for years. My mother is 82 years old and she probably has a little money.

Mr. HALLEY. She got it from either you or your brother?

Mr. CAPONE. Not necessarily.

Mr. HALLEY. What business was she in?

Mr. CAPONE. My father was in business all of his life until he died.

Mr. HALLEY. What other property do you own or occupy?

Mr. CAPONE. I have a couple of pieces of property in Forestview that don't mean nothing. The valuation is a couple of thousand dollars.

Mr. HALLEY. Vacant land?

Mr. CAPONE. What?

Mr. HALLEY. Vacant land?

Mr. CAPONE. One is; yes.

Mr. HALLEY. You say the valuation is only a couple of thousand dollars?

Mr. CAPONE. That is right. One has a shack, very old—only get \$35 a month from that.

Mr. HALLEY. You own them outright?

Mr. CAPONE. I do.

Mr. HALLEY. They must mean something to a man who has to work for \$3,000 a year.

Mr. CAPONE. There has been no tax paid since 1924 on them.

Mr. HALLEY. Nobody has foreclosed?

Mr. CAPONE. Not yet.

Mr. HALLEY. They are still yours?

Mr. CAPONE. Thirty-five dollars a week on the one place—\$35 a month.

Mr. HALLEY. What else do you own?

Mr. CAPONE. That is about all.

Mr. HALLEY. Do you own the property in which you reside in Chicago?

Mr. CAPONE. No.

Mr. HALLEY. What type of a place do you occupy in Chicago?

Mr. CAPONE. That is my mother's house. My mother and sister-in-law own the building.

Mr. HALLEY. It is a house owned by your mother and sister-in-law?

Mr. CAPONE. That is right.

Mr. HALLEY. Where is that located?

Mr. CAPONE. 7244 Prairie Avenue.

Mr. HALLEY. Now, Mr. Capone, do you have an interest in any other places?

Mr. CAPONE. No.

Mr. HALLEY. Do you have an interest in the Skinny's Place?

Mr. CAPONE. No.

Mr. HALLEY. Do you know the place?

Mr. CAPONE. You mean the place in Flambeau?

Mr. HALLEY. Yes.

Mr. CAPONE. Yes; I know the place.

Mr. HALLEY. You have no interest in it?

Mr. CAPONE. No.

Mr. HALLEY. Have you ever worked for it?

Mr. CAPONE. No.

Mr. HALLEY. Have you any interest in the Beaver Lodge?

Mr. CAPONE. No.

Mr. HALLEY. Do you know Walter Krumdick?

Mr. CAPONE. I do.

Mr. HALLEY. Have you had any business relations with him?

Mr. CAPONE. Two years, 1944 and 1945.

Mr. HALLEY. And what was that?

Mr. CAPONE. I was in business with him at Beaver Lodge.

Mr. HALLEY. And you operated a restaurant?

Mr. CAPONE. Restaurant and bar.

Mr. HALLEY. And the bar?

Mr. CAPONE. Yes.

Mr. HALLEY. Now, have you an interest in any other businesses? What other businesses have you been in?

Mr. CAPONE. That is all.

Mr. HALLEY. Well, you were in a mineral water business; were you not?

Mr. CAPONE. That didn't last long. We went out of business during the war.

Mr. HALLEY. When did you go into that business?

Mr. CAPONE. Oh, in 1934, 1935.

Mr. HALLEY. And what was the name of it?

Mr. CAPONE. Waukesha Waters, Inc.

Mr. HALLEY. Where was it located?

Mr. CAPONE. On Howard Street, here in Chicago.

Mr. HALLEY. Was the purpose of the business to sell mineral waters to various bars and taverns?

Mr. CAPONE. Generally, yes.

Mr. HALLEY. Now, in the course of your years of living in Chicago, you became well-known to a great many tavern owners; is that right?

Mr. CAPONE. I suppose so.

Mr. HALLEY. You got pretty good contacts with the bars?

Mr. CAPONE. I guess that I did.

Mr. HALLEY. Did you sell beer personally yourself to the various taverns and speakeasies?

Mr. CAPONE. When; during prohibition?

Mr. HALLEY. Yes. Did you, yourself, act as salesman for some of your beer?

Mr. CAPONE. I did sometimes; yes.

Mr. HALLEY. How large an organization did you have?

Mr. CAPONE. I had an organization of two fellows and myself. That was all that I needed.

Mr. HALLEY. Did you have trucks?

Mr. CAPONE. No, the beer was delivered for me. I gave—I was given \$2 a barrel for the beer. The beer was not mine. I got a commission to sell it for \$2 a barrel.

Mr. HALLEY. Yours was a paper job, then?

Mr. CAPONE. What do you mean by "paper"?

Mr. HALLEY. You never even saw the beer?

Mr. CAPONE. That is true.

Mr. HALLEY. Somebody would sell it to you, you would sell it to somebody else, and you would take a commission?

Mr. CAPONE. That is right.

Mr. HALLEY. Where were you able to get the contact with Guzik so that he would permit you to act as the middleman?

Mr. CAPONE. Well, I knew him very well.

Mr. HALLEY. Is he a good friend of your brother, Al?

Mr. CAPONE. We were; yes.

Mr. HALLEY. Who were some of the other people who became finally known as the Capone gang in Chicago?

Mr. CAPONE. I didn't have a Capone gang.

Mr. HALLEY. We all know there was one. There is no point in being squeamish at this point.

Mr. CAPONE. It is questionable.

Mr. HALLEY. Let's see. Was there Murray Humphreys?

Mr. CAPONE. What about Murray Humphreys?

Mr. HALLEY. Did you know him?

Mr. CAPONE. Yes.

Mr. HALLEY. Is he a friend of yours?

Mr. CAPONE. Well, I know him very well.

Mr. HALLEY. Was he a friend of your brother's?

Mr. CAPONE. He was.

Mr. HALLEY. And do you know whether or not he was ever in business with your brother?

Mr. CAPONE. I wouldn't know.

Mr. HALLEY. Do you know whether he ever worked with them?

Mr. CAPONE. I wouldn't know what his connection was.

Mr. HALLEY. You would see him at the Lexington Hotel, would you not?

Mr. CAPONE. I don't know if I ever did see him at the Lexington Hotel.

Mr. HALLEY. How about Paul Ricca?

Mr. CAPONE. Yes.

Mr. HALLEY. Do you know him?

Mr. CAPONE. Yes.

Mr. HALLEY. How long have you known him?

Mr. CAPONE. Fifteen years or more.

Mr. HALLEY. When did you first meet him?

Mr. CAPONE. I don't know.

Mr. HALLEY. Did you ever have any business with him?

Mr. CAPONE. No.

Mr. HALLEY. I believe he has testified that he was once a member of an organization called the Union Siciliano, an insurance, a protective, benevolent organization.

Mr. CAPONE. I wouldn't know.

Mr. HALLEY. Did you ever belong to that organization?

Mr. CAPONE. No.

Mr. HALLEY. Did you ever hear of it?

Mr. CAPONE. I read about it in the papers; yes.

Mr. HALLEY. Didn't you know that there was here in Chicago a society called the Union Siciliano?

Mr. CAPONE. I wouldn't know anything about it except what I read in the papers.

Mr. HALLEY. It had its name in the phone book and opened public offices.

Mr. CAPONE. I wouldn't have no reason to look it up in the telephone book.

Mr. HALLEY. You never belonged?

Mr. CAPONE. No.

Mr. HALLEY. You never went to any meeting there?

Mr. CAPONE. No.

Mr. HALLEY. Did you ever hear of the Mafia?

Mr. CAPONE. I read about it.

Mr. HALLEY. Well, where did you read about it?

Mr. CAPONE. In the paper. In fact, I read about it being brought up at this hearing.

Mr. HALLEY. Did you ever hear of it in your family or any of your friends?

Mr. CAPONE. Oh, I heard about it years ago in Brooklyn when they kidnaped some kid, Ranieri, and then killed him. That was years ago.

Mr. HALLEY. What was the name of the kid?

Mr. CAPONE. Ranieri.

Mr. HALLEY. Ranieri?

Mr. CAPONE. In New York about 30 years ago or so.

Mr. HALLEY. When you say "they" you mean some Black Hand group?

Mr. CAPONE. That was the first inkling I had that there was anything like that in existence. I heard none here.

Mr. HALLEY. In the old days, 30 and 40 years ago, there was, was there not, a certain amount of Black Hand activity here?

Mr. CAPONE. Well, according to what I read—here I wouldn't know, I wasn't here.

Mr. HALLEY. I mean in the United States. You knew only about Brooklyn, I presume.

Mr. CAPONE. I wouldn't know. You people would know more about that than I would. What I knew about that is what I get from the papers.

Mr. HALLEY. The way we get familiar with it, Mr. Capone, is by asking a lot of people. That is why we are asking you to help.

Mr. CAPONE. How can I help?

Mr. HALLEY. You just tell the committee the part you were familiar with.

Mr. CAPONE. I am not familiar with any part of it.

Mr. HALLEY. You would hear about certain crimes being Black Hand crimes?

Mr. CAPONE. In the papers; yes.

Mr. HALLEY. And in the neighborhood you lived in?

Mr. CAPONE. No.

Mr. HALLEY. Did you ever hear of extortion Black Hand notes to get money from various people?

Mr. CAPONE. I have read about them; yes.

Mr. HALLEY. Well, didn't you ever hear of it in the neighborhood you lived in in Brooklyn?

Mr. CAPONE. No.

Mr. HALLEY. Well, in the days when you lived in Brooklyn and you were a young man did you ever talk to people about the Black Hand?

Mr. CAPONE. Jesus, I wouldn't know. How would I know about that?

Mr. HALLEY. Well, what did you understand it to be?

Mr. CAPONE. I don't know anything about that today. It is just what I read. I don't know if there is such an organization in existence.

Mr. HALLEY. Well, what did you hear? Didn't you as a young man understand that there had been a Sicilian society known as the Black Hand?

Mr. CAPONE. I wouldn't know that.

Mr. HALLEY. You never heard of that in all the days of your youth?

Mr. CAPONE. I did when I was a kid in Brooklyn; yes.

Mr. HALLEY. Yes, that is what I am asking.

Mr. CAPONE. I didn't know it was Sicilian. I heard there was Black Hand, used to send notes to make money. I used to read about it in the papers, hear about it. The Ranieri case was Nation-wide. Everybody heard about it. The kid was held for ransom and then they collected the ransom and killed the kid.

Mr. HALLEY. Now, did any of the Black Handers, to your knowledge, continue their activities?

Is that light bothering you?

Senator KEFAUVER. Yes, let's turn the lights off a little bit.

Mr. HALLEY. Is that better?

Mr. CAPONE. Yes.

Mr. HALLEY. Did any of the Black Handers, to your knowledge, continue their activities under the name of the Mafia?

Mr. CAPONE. I wouldn't know.

Mr. HALLEY. Did you ever hear that?

Mr. CAPONE. No.

Mr. HALLEY. You never heard any talk of the word "Mafia" in Brooklyn when you were a young man?

Mr. CAPONE. No. I heard Black Hand. I never heard the word "Mafia."

Mr. HALLEY. Did you ever meet a man named Joseph Profaci?

Mr. CAPONE. I don't know the name.

Mr. HALLEY. Do you know the name Vincent Mangano?

Mr. CAPONE. The only Mangano I know is Lawrence Mangano here in Chicago.

Mr. HALLEY. Do you know anyone in the olive oil business?

Mr. CAPONE. Yes; people in Chicago, a macaroni company, I do business with.

Mr. HALLEY. What is the name?

Mr. CAPONE. Montelone.

Mr. HALLEY. What business do you do with them?

Mr. CAPONE. I buy olive oil, Italian stuff, cheese, spaghetti.

Mr. HALLEY. You mean for the restaurant?

Mr. CAPONE. And myself, also.

Mr. HALLEY. Did you know Charles Luciano, Lucky Luciano?

Mr. CAPONE. No.

Mr. HALLEY. You never met him?

Mr. CAPONE. No.

Mr. HALLEY. Do you know Frank Costello?

Mr. CAPONE. Yes.

Mr. HALLEY. How long have you known him?

Mr. CAPONE. Oh, I met him—I wouldn't know—15 or more years ago.

Mr. HALLEY. Where did you meet him?

Mr. CAPONE. I wouldn't remember where I met him.

Mr. HALLEY. Do you know Vito Genovese?

Mr. CAPONE. I don't know the name.

Mr. HALLEY. Do you know Big Al Polizzi?

Mr. CAPONE. I don't know the name.

Mr. HALLEY. He came from Cleveland, Ohio?

Mr. CAPONE. No; I don't know.

Mr. HALLEY. You know Tony Accardo, do you not?

Mr. CAPONE. I do.

Mr. HALLEY. How long have you known him?

Mr. CAPONE. A dozen years or more.

Mr. HALLEY. Was he a friend of your brother's?

Mr. CAPONE. I suppose he was.

Mr. HALLEY. Was he a friend of Guzik's?

Mr. CAPONE. I think so.

Mr. HALLEY. Was Accardo in the gambling end of the racket?

Mr. CAPONE. I don't know.

Mr. HALLEY. Have you ever been in the gambling establishments in or around Chicago?

Mr. CAPONE. Have I ever been in one?

Mr. HALLEY. Yes.

Mr. CAPONE. I would like to have the money I lost in them.

Mr. HALLEY. Which ones were you in?

Mr. CAPONE. Lots of them.

Mr. HALLEY. What were some?

Mr. CAPONE. Oh, the one that used to be on Wabash Avenue and Randolph. I used to go in there. Couple in Cicero where I used to go. Place in the country, Bon Air, or something.

Mr. HALLEY. Who ran these places?

Mr. CAPONE. I don't know.

Mr. HALLEY. You were a pretty well-know person. Wouldn't you get to meet the owner in a gambling establishment?

Mr. CAPONE. Well, he might be the owner, but I wouldn't ask if he owned the place. I couldn't say anybody owned the place if I didn't ask him the question outright, and he said he did.

Mr. HALLEY. In Washington about a week ago, the committee questioned a man named Willie Moretti. Do you know him?

Mr. CAPONE. I don't think so.

Mr. HALLEY. You may know him under the name of Willie Moore. He comes from New Jersey.

Mr. CAPONE. I never met him.

Mr. HALLEY. He also lived in Brooklyn when he was a young man.

Mr. CAPONE. I never knew him.

Mr. HALLEY. Did you ever hear of him?

Mr. CAPONE. I heard of him in Miami. Willie Moore, I heard of him, yes, sir. I read about him the other day in the papers.

Mr. HALLEY. He testified that when a well-known character in the rackets went anywhere he would be very apt to meet all the other people who were in similar businesses.

Mr. CAPONE. That is right.

Mr. HALLEY. Was that your experience?

Mr. CAPONE. Well, I wasn't as well known as he was.

Mr. HALLEY. You weren't as well known?

Mr. CAPONE. No.

Mr. HALLEY. There was a time when due to your brother's reputation your name was probably the best known in the United States in connection with the rackets?

Mr. CAPONE. In the newspapers; yes.

Mr. HALLEY. And when you went anywhere, wouldn't you be introduced to everybody who was interested?

Mr. CAPONE. No.

Mr. HALLEY. Would you shun the limelight?

Mr. CAPONE. I always did.

Mr. HALLEY. What was the reason for that?

Mr. CAPONE. I didn't care for it.

Mr. HALLEY. Did you know the Fischettis?

Mr. CAPONE. I did.

Mr. HALLEY. How long have you known them?

Mr. CAPONE. Oh, I knew them years ago, 20 years or more. I knew them in Brooklyn.

Mr. HALLEY. Did Al know them in Brooklyn?

Mr. CAPONE. Yes.

Mr. HALLEY. When did they come to Chicago, do you know?

Mr. CAPONE. I wouldn't know exactly when they came to Chicago.

Mr. HALLEY. Did they come with Al?

Mr. CAPONE. No; I know they didn't.

Mr. HALLEY. When you got to Chicago, though, did you see them pretty regularly?

Mr. CAPONE. After I was here a while, yes, I saw them pretty regularly.

Mr. HALLEY. After you were here a while?

Mr. CAPONE. Yes.

Mr. HALLEY. How did you happen to get in touch with them again?

Mr. CAPONE. Oh, I would see them.

Mr. HALLEY. Where would you see them?

Mr. CAPONE. We lived at one building one time on Wabash Avenue, place called Wolf Apartments.

Mr. HALLEY. You and the Fischettis lived in the same building?

Mr. CAPONE. That is right.

Mr. HALLEY. Did Al live there, too?

Mr. CAPONE. That is right. That is about 1922, during that period, 1922-23.

Mr. HALLEY. You were pretty close to Al then in those days?

Mr. CAPONE. Yes.

Mr. HALLEY. I had the impression earlier that you maybe didn't see much of him?

Mr. CAPONE. Not after 1923 or 1924.

Mr. HALLEY. That is when he got to be a very big shot, is that right?

Mr. CAPONE. Got to be well known, yes.

Mr. HALLEY. You would see less of him after that?

Mr. CAPONE. That is right.

Mr. HALLEY. In the early days, then, you and Al and Rocco and Charley Fischetti were pretty close friends, is that right?

Mr. CAPONE. Not Rocco so much as Charley.

Mr. HALLEY. Any of the other Fischettis?

Mr. CAPONE. I knew them. I never went out much with them or had much to do with them.

Mr. HALLEY. Were you ever as friendly with Tony Accardo as you were with the Fischettis?

Mr. CAPONE. No.

Mr. HALLEY. What business were the Fischettis in?

Mr. CAPONE. I don't know.

Mr. HALLEY. How about Tony Capezio, do you know him?

Mr. CAPONE. Yes.

Mr. HALLEY. How long have you known him?

Mr. CAPONE. Oh, a dozen years or more.

Mr. HALLEY. Where did you meet him?

Mr. CAPONE. I don't remember that.

Mr. HALLEY. Did you ever hear of a man named Paul Carramusa?

Mr. CAPONE. No.

Mr. HALLEY. You never did?

Mr. CAPONE. No.

Mr. HALLEY. Do you know Rocco De Grazia?

Mr. CAPONE. Yes.

Mr. HALLEY. How long have you known him?

Mr. CAPONE. Oh, pretty near 20 years.

Mr. HALLEY. When did you first meet him?

Mr. CAPONE. Let's see. I know him 20 years; I knew him around 1928 or 1929.

Mr. HALLEY. In what connection?

Mr. CAPONE. Just met him. Him and I used to play the horses quite a bit together.

Mr. HALLEY. Whereabouts? At Sportsman's Park?

Mr. CAPONE. At race tracks, or out to the bookmakers and make bets.

Mr. HALLEY. Did your brother Al have an interest in Sportsman's Park?

Mr. CAPONE. I wouldn't know.

Mr. HALLEY. It was known as one of the Capone tracks, was it not?

Mr. CAPONE. I suppose. What wasn't known as that.

Mr. HALLEY. O'Hare was in charge of it, wasn't he, at one time?

Mr. CAPONE. I guess he was.

Mr. HALLEY. Then he was killed, and I think then the property was disposed of to John Patton?

Mr. CAPONE. That I wouldn't know.

Mr. HALLEY. And Bill Johnston?

Mr. CAPONE. I don't know who it was disposed to.

Mr. HALLEY. There were a bunch of dog tracks around the country, too, known as the Capone tracks, were there not?

Mr. CAPONE. Not that I know of.

Mr. HALLEY. O'Hare ran them, didn't he?

Mr. CAPONE. I don't know what he ran.

Mr. HALLEY. At Lexington, Ky., and down in Florida?

Mr. CAPONE. I don't know.

Mr. HALLEY. You would visit them, wouldn't you?

Mr. CAPONE. No. The dog tracks I visited were in Miami.

Mr. HALLEY. You went to the one in Miami?

Mr. CAPONE. Miami Beach.

Mr. HALLEY. When you showed up they rolled out the red carpet for you; didn't they?

Mr. CAPONE. Not necessarily. When I went there they were out of red carpet.

Mr. HALLEY. I am just using the expression. They treated you pretty well, didn't they?

Mr. CAPONE. I suppose they did. Who do you mean by "they"?

Mr. HALLEY. The people who ran it. O'Hare, say.

Mr. CAPONE. Well, just like you would treat anybody else, courteous.

Mr. HALLEY. Did you get your lunch at the track?

Mr. CAPONE. No.

Mr. HALLEY. At the race track?

Mr. CAPONE. No.

Mr. HALLEY. Or your dinner?

Mr. CAPONE. No.

Mr. HALLEY. Did you have any drinks with them at the track?

Mr. CAPONE. Just what I paid for.

Mr. HALLEY. Did you have drinks with O'Hare?

Mr. CAPONE. I don't ever remember drinking with O'Hare.

Mr. HALLEY. Did you ever drink with John Patton?

Mr. CAPONE. I think I had a couple of drinks at Miami Beach at the track with them.

Mr. HALLEY. How about Louis Campagna? Is he an old friend of yours?

Mr. CAPONE. I know him for years; yes.

Mr. HALLEY. Where did you first meet him?

Mr. CAPONE. Oh, around 15 years ago, I guess.

Mr. HALLEY. Did you know him in New York?

Mr. CAPONE. No.

Mr. HALLEY. Did you know Phil D'Andrea?

Mr. CAPONE. Yes.

Mr. HALLEY. And Charles Gioe?

Mr. CAPONE. I didn't know Gioe.

Mr. HALLEY. He was a little younger, I guess?

Mr. CAPONE. I didn't meet him or know Charles Gioe until they had a hearing in New York and I met him the first time at that hearing.

Mr. HALLEY. When did you last see Campagna?

Mr. CAPONE. Here—2 months ago.

Mr. HALLEY. Where was that?

Mr. CAPONE. Right here.

Mr. HALLEY. You mean when you came here to testify?

Mr. CAPONE. That is right.

Mr. HALLEY. Had you seen him before that?

Mr. CAPONE. Oh, not since around 1942 or 1943.

Mr. HALLEY. When did you last see Tony Accardo?

Mr. CAPONE. I don't remember when I saw him last; it is so long ago.

Mr. HALLEY. Or Charley Fischetti?

Mr. CAPONE. Wait a minute. I am wrong about Accardo. I saw him a couple of years ago at his father's funeral.

Mr. HALLEY. Did you know Jack Dragna?

Mr. CAPONE. No. I saw him here; he was pointed out to me at the hearing.

Mr. HALLEY. You never knew him?

Mr. CAPONE. I never talked to him.

Mr. HALLEY. Did you know Joe Massei in Florida?

Mr. CAPONE. Yes.

Mr. HALLEY. He came from Detroit.

Mr. CAPONE. I knew him.

Mr. HALLEY. How long have you known him?

Mr. CAPONE. I met him 2 or 3 years ago in Miami.

Mr. HALLEY. Do you know Frank Milano?

Mr. CAPONE. From Chicago?

Mr. HALLEY. No, from Detroit.

Mr. CAPONE. No.

Mr. HALLEY. Do you know Tony Gizzo?

Mr. CAPONE. No.

Mr. HALLEY. He comes from Kansas City. Didn't you ever meet him?

Mr. CAPONE. I have never been to Kansas City.

Mr. HALLEY. During the prohibition days, did you habitually carry guns and keep guns in your possession?

Mr. CAPONE. No.

Mr. HALLEY. Well, you were arrested on several occasions with many guns in your possession, were you not?

Mr. CAPONE. No. Once going to the bank. I had several thousand dollars going to the bank at one time. That is the only time I ever remember being arrested with a gun.

Mr. HALLEY. Weren't you once arrested in a flat with Charley Fischetti, in 1926?

Mr. CAPONE. That is right.

Mr. HALLEY. It was your home?

Mr. CAPONE. I lived there, yes.

Mr. HALLEY. Was Fischetti visiting you?

Mr. CAPONE. He stayed with me occasionally.

Mr. HALLEY. And you had a submachine-gun there, a Thompson, didn't you?

Mr. CAPONE. No, I didn't.

Mr. HALLEY. You had 11 rifles?

Mr. CAPONE. Shotguns, rifles, yes.

Mr. HALLEY. Revolvers?

Mr. CAPONE. I have got 30 rifles now up north.

Mr. HALLEY. You mean at Mercer?

Mr. CAPONE. Yes.

Mr. HALLEY. What other guns do you have at Mercer?

Mr. CAPONE. That is all—shotguns.

Mr. HALLEY. What do you need with rifles?

Mr. CAPONE. I make a collection of them. I have got guns back from the Civil War.

Mr. HALLEY. Do you have shotguns, too?

Mr. CAPONE. Yes; I have got 12-gage, 20-gage, and a 410 for hunting.

Mr. HALLEY. You now collect them, is that right?

Mr. CAPONE. Yes, and I——

Mr. HALLEY. You were not collecting them in 1926, were you?

Mr. CAPONE. No.

Mr. HALLEY. What did you need them for? What did you have guns for in 1926?

Mr. CAPONE. Maybe they weren't all mine, huh?

Mr. HALLEY. Whose were they? They were in your flat?

Mr. CAPONE. Yes; but they weren't mine.

Mr. HALLEY. Whose were they?

Mr. CAPONE. They were left there by some people.

Mr. HALLEY. Who were the people?

Mr. CAPONE. I don't remember.

Mr. HALLEY. Were they the people we were talking about before, that we might call the Capone gang?

Mr. CAPONE. I wouldn't say that; no.

Mr. HALLEY. Were they friends of yours?

Mr. CAPONE. I knew them; yes.

Mr. HALLEY. Why did they leave guns in your house?

Mr. CAPONE. I don't know. There was probably no other place to leave them.

Mr. HALLEY. Well, the arrest was made, I think 2 days after the murder of an assistant State's attorney named William McQuiggin, wasn't it?

Mr. CAPONE. Around that time; yes.

Mr. HALLEY. Those guns were not dumped there to get rid of them, were they?

Mr. CAPONE. I don't know. Maybe people carried guns those days and were afraid to go around the streets with them.

Mr. HALLEY. Was there a great deal of bloodshed those days?

Mr. CAPONE. I wouldn't know.

Mr. HALLEY. You carried a gun yourself, didn't you?

Mr. CAPONE. Not habitually.

Mr. HALLEY. You were arrested for carrying a loaded revolver when you were with Peter Pizzo, were you not?

Mr. CAPONE. That is the time we were going to the bank with several thousand dollars.

Mr. HALLEY. What was the general nature of the beer business in the twenties? Was it a kind of a business in which you had to protect yourself against highjacking and violence?

Mr. CAPONE. Well, I never protected myself against any violence.

Mr. HALLEY. You were very close to the center of the business. Did your brother Al and his close associates have to protect themselves against violence?

Mr. CAPONE. I don't know. Maybe they didn't. I wouldn't know much about it.

Mr. HALLEY. Well, they all had bodyguards, didn't they?

Mr. CAPONE. No; I wouldn't say that.

Mr. HALLEY. You had a bodyguard, didn't you?

Mr. CAPONE. No. I had a friend; is that a bodyguard? If you two walk down the street, would one be a bodyguard?

Mr. HALLEY. I don't know. Didn't you generally have somebody with you who had a gun?

Mr. CAPONE. No.

Mr. HALLEY. When the prohibition period ended, what did you start doing for a living?

You went to jail, of course—when was it, 1932?

Mr. CAPONE. 1931.

Mr. HALLEY. 1931, and you got out around 1933. By then prohibition was over. What did you and your brother and your friends do for a living?

Mr. CAPONE. I don't know about my friends. I know I started booking, doing a little booking and horse betting.

Mr. HALLEY. Wasn't it pretty much the pattern that, once prohibition ended, the people who had been in the prohibition racket had to go into gambling to make a living?

Mr. CAPONE. I don't think so.

Mr. HALLEY. Unless they went into legitimate business.

Mr. CAPONE. I don't think so.

Mr. HALLEY. Well, what other rackets were there available?

Mr. CAPONE. I don't know.

Mr. HALLEY. In any event, in your own case you did a little booking; is that right?

Mr. CAPONE. I don't know. I suppose everybody did the best they could.

Mr. HALLEY. Did you have any gambling games other than booking—crap games, dice games?

Mr. CAPONE. Well, that question I think is incriminating, isn't it?

Mr. HALLEY. Well, the booking is just as incriminating, Mr. Capone. We might as well get the facts for once and for all.

The CHAIRMAN. Let's say, "Were you charged with having other gambling games?" Did people say you had other gambling games?

Mr. CAPONE. I may have been charged with it. Whether I did or not, that is different.

The CHAIRMAN. All right.

Mr. HALLEY. Then you went into these various legitimate ventures; is that right; such as the soda-water business?

Mr. CAPONE. That is true.

Mr. HALLEY. Your present hotel occupation?

Mr. CAPONE. That is right.

Mr. HALLEY. And your cigarette-vending business?

Mr. CAPONE. I started in the water business, which wasn't very profitable.

Mr. HALLEY. Now I have just one other major interest, and that is what you did in the field of politics.

Mr. CAPONE. Politics?

Mr. HALLEY. Were you active politically?

Mr. CAPONE. No.

Mr. HALLEY. Did you support various candidates for public office?

Mr. CAPONE. I did not.

Mr. HALLEY. On one occasion you were arrested for getting people to swear they were lawful voters, were you not?

Mr. CAPONE. I never was.

Mr. HALLEY. You were indicted by the Cook County grand jury, your brother and a man named John J. Ludian and Anthony Rench and John O'Williams?

Mr. CAPONE. Well, I can't help that. The indictment didn't stand up, did it?

Mr. HALLEY. Well, you were represented by Thomas Nash and Michael Ahern, were you?

Mr. CAPONE. That is right.

Mr. HALLEY. And the indictment was quashed?

Mr. CAPONE. That is right.

Mr. HALLEY. You never did go to trial on the question of the facts as to whether you did the act or not?

Mr. CAPONE. That is right.

Mr. HALLEY. Well, were you active in the political campaign in 1926—1925?

Mr. CAPONE. I wouldn't know. That is too far back for me.

Mr. HALLEY. Did you ever have an interest in politics?

Mr. CAPONE. No.

Mr. HALLEY. Did you vote personally?

Mr. CAPONE. No.

Mr. HALLEY. Did you make political contributions during the years 1922 to 1931?

Mr. CAPONE. No.

The CHAIRMAN. Speak up, Mr. Capone. I mean these girls can't hear you.

Mr. CAPONE. No.

Mr. HALLEY. Who protected you in your beer business?

Mr. CAPONE. Who protected me?

Mr. HALLEY. It was an illegal business. How did you get your protection?

Mr. CAPONE. I don't know. There must have been a lot of illegal drinkers, I guess. There had to be.

Mr. HALLEY. Were the police drinkers; is that what you are trying to say?

Mr. CAPONE. I suppose they are drinkers like everybody else.

Mr. HALLEY. Did you have customers who were in the police?

Mr. CAPONE. No.

Mr. HALLEY. What was the reason that you were not arrested between the year 1922——

Mr. CAPONE. Arrested for what?

Mr. HALLEY. Arrested and convicted?

Mr. CAPONE. For what?

Mr. HALLEY. For peddling beer in violation of the National Prohibition Act?

Mr. CAPONE. I don't know why I wasn't.

Mr. HALLEY. You weren't is that the fact? You were never convicted for it?

Mr. CAPONE. No.

Mr. HALLEY. After 1922?

Mr. CAPONE. No.

Mr. HALLEY. As a result of your early experience in 1922, did you learn the importance of getting some proper contacts so that you would have proper protection in your beer racket?

Mr. CAPONE. I never contacted anybody. If I got in trouble, I'd hire a lawyer.

Mr. HALLEY. No other questions, sir.

The CHAIRMAN. Mr. Robinson?

Mr. ROBINSON. None.

The CHAIRMAN. Just one or two questions, Mr. Capone. This Suburban Cigarette Co.—do you own the vending machines yourself?

Mr. CAPONE. Yes, sir.

The CHAIRMAN. Is that a corporation?

Mr. CAPONE. No.

The CHAIRMAN. Are you the sole owner?

Mr. CAPONE. That is right.

The CHAIRMAN. Then do you buy cigarettes from the companies?

Mr. CAPONE. That is right.

The CHAIRMAN. In other words, you keep the vending machines supplied?

Mr. CAPONE. Yes, sir.

The CHAIRMAN. Then you have men who go around and check them up and take the money out?

Mr. CAPONE. I do.

The CHAIRMAN. And put in new cigarettes?

Mr. CAPONE. Yes.

The CHAIRMAN. What sort of vending machines do you use?

Mr. CAPONE. Oh, they are all makes; they are all old ones.

The CHAIRMAN. Well, do you buy them from any one company, or do you buy them from all companies?

Mr. CAPONE. These are the same ones I have had for years outside of about 3 or 4 years ago, we bought some new ones, and we generally get somebody that has got some for sale and I buy them.

The CHAIRMAN. Now——

Mr. CAPONE. We haven't bought no new machines in——

The CHAIRMAN. Speaking of political activity, weren't you interested in a bill to legalize gambling in Wisconsin recently? Wasn't there some movement on for that purpose?

Mr. CAPONE. Not that I know of.

The CHAIRMAN. You didn't know anything about it?

Mr. CAPONE. They all talk.

The CHAIRMAN. All do what?

Mr. CAPONE. All they do is talk around there.

The CHAIRMAN. Well, you did a lot of talking too, didn't you?

Mr. CAPONE. No; I did not.

The CHAIRMAN. Now, you weren't one of the sponsors of a movement to legalize gambling in Wisconsin?

Mr. CAPONE. No, no; I was not.

The CHAIRMAN. Weren't you attending some political meeting—

Mr. CAPONE. No.

The CHAIRMAN (continuing). When the marshal came up to serve a subpoena on you?

Mr. CAPONE. No. My little niece, my nephew's little daughter, had a birthday party. There was no meeting.

The CHAIRMAN. Wasn't it a political meeting?

Mr. CAPONE. No; there was no politicians there.

The CHAIRMAN. Well, you remember Mr. Madden, the deputy marshal, when he came to serve you?

Mr. CAPONE. Yes.

The CHAIRMAN. Whose sheriff's tags did you have on your car then?

Mr. CAPONE. I didn't have any sheriff's tags on my car.

The CHAIRMAN. What kind of car do you have?

Mr. CAPONE. A Buick station wagon.

The CHAIRMAN. Is that the only one?

Mr. CAPONE. I have a Buick coupe.

The CHAIRMAN. You don't have sheriff's cards on either one of them?

Mr. CAPONE. No.

The CHAIRMAN. And you weren't at a political meeting when Mr. Madden came to get you?

Mr. CAPONE. No.

The CHAIRMAN. There were a lot of politicians there, weren't there?

Mr. CAPONE. None.

The CHAIRMAN. None at all?

Do you have anything else?

Mr. HALLEY. Do you drive any cars other than the two Buicks you own?

Mr. CAPONE. That is all.

Mr. HALLEY. Don't you drive a Cadillac?

Mr. CAPONE. No.

The CHAIRMAN. Where did Mr. Madden find you when he served a subpoena on you?

Mr. CAPONE. At the house. I let him in.

The CHAIRMAN. All right; that is all, Mr. Capone. Thank you.

Mr. CAPONE. Thank you. Merry Christmas.

(Witness excused.)

The CHAIRMAN. The committee will stand in recess until 2 o'clock. (Whereupon, a recess was taken, to reconvene at 2 p. m. the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will be in order, please.

Who is next, who is the next witness?

Mr. HALLEY. John Capone.

The CHAIRMAN. Will you have Mr. Capone come in?

Will you raise your right hand and be sworn, sir? Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?
Mr. CAPONE. I do.

TESTIMONY OF JOHN CAPONE, CHICAGO, ILL.

The CHAIRMAN. All right, let's get started.

Mr. ROBINSON. Will you state your full name, please, Mr. Capone?

Mr. CAPONE. John Capone.

Mr. ROBINSON. Try and keep your voice up as much as you can.

Mr. CAPONE. I have got a cold.

Mr. ROBINSON. Well, just try as much as you can without inconveniencing yourself too much.

Where do you live, Mr. Capone?

Mr. CAPONE. 5423 Hyde Park Boulevard.

Mr. ROBINSON. Is that in Chicago?

Mr. CAPONE. Yes.

Mr. ROBINSON. Do you have a home there?

Mr. CAPONE. Yes, sir.

Mr. ROBINSON. How long have you had the home?

Mr. CAPONE. About 3 years.

Mr. ROBINSON. And did you build it or did you buy it?

Mr. CAPONE. I bought it.

Mr. ROBINSON. How much did you pay for it?

Mr. CAPONE. About \$30,000.

Mr. ROBINSON. Is there a mortgage on it?

Mr. CAPONE. Yes, sir.

Mr. ROBINSON. How much is the mortgage?

Mr. CAPONE. Fifteen thousand.

Mr. ROBINSON. Have you paid off any of the mortgage?

Mr. CAPONE. Part of it.

Mr. ROBINSON. Do you remember how much?

Mr. CAPONE. I have been making monthly payments on it.

Mr. ROBINSON. And what are the sizes of the monthly payments?

Mr. CAPONE. \$114 a month.

Mr. ROBINSON. Do you have any other residence address?

Mr. CAPONE. Yes, sir.

Mr. ROBINSON. You stay at the Stevens Hotel, don't you?

Mr. CAPONE. Yes, sir.

Mr. ROBINSON. Do you share a room there with anyone?

Mr. CAPONE. No, sir.

Mr. ROBINSON. Do you know Pat Manno?

Mr. CAPONE. Yes, sir.

Mr. ROBINSON. How long have you known him?

Mr. CAPONE. I have known him for years.

Mr. ROBINSON. Sir?

Mr. CAPONE. I have known him for years.

Mr. ROBINSON. He lives at the Stevens?

Mr. CAPONE. That I don't know.

Mr. ROBINSON. You don't know that?

Mr. CAPONE. No, sir.

Mr. ROBINSON. What business is he in?

Mr. CAPONE. I don't know.

Mr. ROBINSON. Do you frequently associate with him?

Mr. CAPONE. Not frequently.

Mr. ROBINSON. Do you know Joe Fusco?

Mr. CAPONE. Yes; I do.

Mr. ROBINSON. Have you ever been in business with him?

Mr. CAPONE. No, sir.

Mr. ROBINSON. Have you ever been in business with Manning?

Mr. CAPONE. No, sir.

Mr. ROBINSON. Have you ever given the name of Pat Manning as a person to notify in case of some accident to you?

Mr. CAPONE. No, sir.

Mr. ROBINSON. You never have?

Mr. CAPONE. No, sir.

Mr. ROBINSON. You are sure of that?

Mr. CAPONE. Yes, sir. Will you give me that question again?

Mr. ROBINSON. Have you ever given the name of Pat Manning as a person who should be notified in case of an accident to you?

Mr. CAPONE. No, sir.

Mr. ROBINSON. What is your present occupation?

Mr. CAPONE. I have no occupation at the present.

Mr. ROBINSON. Sir?

Mr. CAPONE. I have no occupation at the present.

Mr. ROBINSON. What is the source of your income?

Mr. CAPONE. I am a speculator.

Mr. ROBINSON. What do you speculate in?

Mr. CAPONE. I would rather not answer that question for fear it would incriminate me.

Mr. ROBINSON. Are you a gambler?

Mr. CAPONE. I am; yes, sir.

Mr. ROBINSON. What do you gamble on?

Mr. CAPONE. I gamble on whatever I think I have a chance on.

Mr. ROBINSON. Do you gamble on the horses?

Mr. CAPONE. Yes, sir.

Mr. ROBINSON. And what other kind of gambling do you engage in?

Is that your sole source of income?

Mr. CAPONE. I don't know what this is all about. I'd rather not answer those questions because I don't know what I am getting into here.

The CHAIRMAN. Well, do you make other money besides what you make out of gambling?

Mr. CAPONE. No; I just speculate in gambling enterprises of any sort.

Mr. ROBINSON. Do you have an investment in bookmaking establishments?

Mr. CAPONE. Oh, no sir. That is what I was getting at, I don't know what these questions mean.

Mr. ROBINSON. Well, do you have any source of income from any business?

Mr. CAPONE. Any business?

Mr. ROBINSON. Do you have a source of income from any business outside of gambling?

Mr. CAPONE. Just a minute. Do I have any—

Mr. ROBINSON. Do you have any income from any business—

Mr. CAPONE. Any gambling resources?

Mr. ROBINSON. No.

Mr. CAPONE. No, sir.

Mr. ROBINSON. Any business except gambling?

The CHAIRMAN. In other words, do you work for anybody and get a salary outside of gambling?

Mr. CAPONE. Not at present.

Mr. ROBINSON. When was the last time you received any income except from gambling?

Mr. CAPONE. Well, I used to be on—oh, about 1937.

Mr. ROBINSON. What business were you in then or where were you employed?

Mr. CAPONE. I was in the produce business.

Mr. ROBINSON. What was the name of the company?

Mr. CAPONE. Finer Foods.

Mr. ROBINSON. Finer Foods?

Mr. CAPONE. Yes, sir.

Mr. ROBINSON. And was that in Chicago?

Mr. CAPONE. Yes, sir.

Mr. ROBINSON. What was your income from that business?

Mr. CAPONE. I was getting about \$100 to \$150 a week, something like that.

Mr. ROBINSON. And what did you do?

Mr. CAPONE. I sold food products.

Mr. ROBINSON. To whom?

Mr. CAPONE. To anybody I could sell it to. Anybody.

Mr. ROBINSON. Well, did you sell it wholesale—

Mr. CAPONE. Wholesale.

Mr. ROBINSON (continuing). Or did you sell it retail?

Mr. CAPONE. Wholesale.

Mr. ROBINSON. Were you ever in the City-Wide Bar Supply Co.?

Mr. CAPONE. Not active.

Mr. ROBINSON. What do you mean by "not active"? Did you have an interest in it?

Mr. CAPONE. Yes.

Mr. ROBINSON. And what was the extent of your interest in that company?

Mr. CAPONE. I had shares in it.

Mr. ROBINSON. How many shares did you have?

Mr. CAPONE. I had 50 percent of that stock.

Mr. ROBINSON. Who else was associated with you in that business?

Mr. CAPONE. A guy by the name of John Barton.

Mr. ROBINSON. Anyone else?

The CHAIRMAN. I am sorry, I didn't understand the name of the business. City-Wide—

Mr. CAPONE. City-Wide Supplies.

The CHAIRMAN. Is that supplies for bars? Is that what it was?

Mr. CAPONE. General supplies, restaurant supplies.

Mr. ROBINSON. Who else was in the business besides you and Mr. Barton?

Mr. CAPONE. Well, my younger brother was working.

Mr. ROBINSON. Was he working there or was he a shareholder or stockholder?

Mr. CAPONE. Well, actually, the business was his; I put it up for him.

Mr. ROBINSON. You set him up in the business?

Mr. CAPONE. Yes, sir.

Mr. ROBINSON. How much did you put in the business?

Mr. CAPONE. \$2,500.

Mr. ROBINSON. Were you an officer of the company?

Mr. CAPONE. No, sir.

Mr. ROBINSON. Was your brother?

Mr. CAPONE. Well, I don't know. I wasn't active in there.

Mr. ROBINSON. Which brother was that?

Mr. CAPONE. Matthew.

Mr. ROBINSON. What did he do in the business?

Mr. CAPONE. I guess he went out and solicited the accounts.

Mr. ROBINSON. What accounts would he solicit? Can you be a little more specific about it?

Mr. CAPONE. I couldn't tell you. Wherever he could get business.

Mr. ROBINSON. Was it selling supplies to bar rooms and clubs and lounges?

Mr. CAPONE. Well, wherever he could get business. I don't know where he went to get business.

Mr. ROBINSON. What type of supplies did you sell?

Mr. CAPONE. I didn't sell.

Mr. ROBINSON. You had an interest in the business. You know what supplies were sold?

Mr. CAPONE. I said I didn't sell it. I said I wasn't active in the business.

Mr. ROBINSON. Didn't you know what they were selling?

Mr. CAPONE. I said bar supplies and janitor supplies.

Mr. ROBINSON. What types of bar supplies?

Mr. CAPONE. Well, glasses—oh, I don't know.

Mr. ROBINSON. What volume of business did you do over the course of a year?

Mr. CAPONE. What volume of business did I do?

Mr. ROBINSON. Yes.

Mr. CAPONE. I said I wasn't active in the business.

The CHAIRMAN. What volume of business did the City-Wide Bar Supply do?

Mr. CAPONE. That I don't know.

Mr. ROBINSON. Did you ever receive any dividends?

Mr. CAPONE. No, sir.

Mr. ROBINSON. What became of the company? Is it still active?

Mr. CAPONE. I don't think so.

Mr. ROBINSON. Did you sell your interest out?

Mr. CAPONE. There was nothing left of it, so I just forgot about it.

Mr. ROBINSON. You don't know whether it is still active or not?

Mr. CAPONE. I don't think so.

Mr. ROBINSON. Have you ever had an interest in any other business except that one and the other one you mentioned?

Mr. CAPONE. I don't think so.

Mr. ROBINSON. These are the only two companies you ever had any interest in or received any income from?

Mr. CAPONE. Wait a minute. I didn't say I received any income from City-Wide.

Mr. ROBINSON. Well, had an interest in, or received any income from. You mentioned another company.

Mr. CAPONE. Put the question to me again.

Mr. ROBINSON. Have you ever had any interest in any other business except the two that you have mentioned?

Mr. CAPONE. I only had an interest in the City-Wide as far as stock was concerned. I wasn't active in the business and I didn't derive any income from any other business. Does that answer it?

Mr. ROBINSON. I thought you mentioned another company that you did receive some salary from?

Mr. CAPONE. That was Finer Foods, which I mentioned before.

Mr. ROBINSON. That is right. These are the only two companies that you had an interest in, or ever received any income from?

Mr. CAPONE. I only received income from one of them.

Mr. ROBINSON. All right. I think we understand each other.

What is the period of time that you had an interest in the City-Wide Bar Supply? In other words, how long were you connected with it?

Mr. CAPONE. You mean, how long did I have the stock?

Mr. ROBINSON. Yes.

Mr. CAPONE. Well, I guess as long as the company operated, and I don't think it lasted but about 6 months.

Mr. ROBINSON. What did you do prior to that time?

Mr. CAPONE. The best I could.

Mr. ROBINSON. Well, what was your source of income prior to that time?

Mr. CAPONE. I don't think I had any source of income right then.

Mr. ROBINSON. How did you live?

Mr. CAPONE. I think I mentioned before, on speculating,

Mr. ROBINSON. Did you ever have an interest in the Steelco Co.?

Mr. CAPONE. Steelco? I bought some stock.

Mr. ROBINSON. Have you ever received any dividends from that company?

Mr. CAPONE. No, sir.

Mr. ROBINSON. Who was associated with you in that company?

Mr. CAPONE. I don't know who was associated with it. I bought stock in the company on speculation.

Mr. ROBINSON. Who sold you the stock?

Mr. CAPONE. The Steelco Co.

Mr. ROBINSON. Did you talk to anyone about the company before you bought the stock?

Mr. CAPONE. I heard rumors to the effect it looked like they were going to strike oil, so I bought some.

Mr. ROBINSON. Did you ever talk to Manning about it?

Mr. CAPONE. No, sir.

Mr. ROBINSON. Or Fusco?

Mr. CAPONE. I may have; I am not sure.

Mr. ROBINSON. Did you ever work for Fusco?

Mr. CAPONE. No, sir.

Mr. ROBINSON. What kind of a car do you own at the present time?

Mr. CAPONE. I own a Chrysler.

Mr. ROBINSON. And did you, a couple of years ago, own a Cadillac?

Mr. CAPONE. A couple of years ago? No, sir.

Mr. ROBINSON. Have you ever owned a Cadillac?

Mr. CAPONE. I might have.

Mr. ROBINSON. Do you remember when you owned a Cadillac?

Mr. CAPONE. I might have—well, I don't recall the exact date.

Mr. ROBINSON. Did you ever ask Mr. Manning to help you get a Cadillac?

Mr. CAPONE. No, sir.

Mr. ROBINSON. Never at any time?

Mr. CAPONE. Well, I don't think I did; I am not sure.

Mr. ROBINSON. You have no recollection of having asked him to help you get a Cadillac?

Mr. CAPONE. Well, all I did was went down and put a deposit on the car, and had to wait 3 or 4 months to get it.

Mr. ROBINSON. Was that at a time when it was difficult to get?

Mr. CAPONE. I don't know what you mean by "difficult to get." It must have been difficult, if it took me 4 months to get it.

Mr. ROBINSON. Well, wasn't that in 1946 or 1947?

Mr. CAPONE. I would say it is around that time.

Mr. ROBINSON. Did you ask Mr. Manning to help you get one?

Mr. CAPONE. I don't think so.

Mr. ROBINSON. You have no recollection of that?

Mr. CAPONE. I don't think so.

Mr. ROBINSON. Mr. Capone, I notice that you list your sole source of income over a period of years as being simply miscellaneous.

Mr. CAPONE. That is right.

Mr. ROBINSON. Do you prepare your own returns?

Mr. CAPONE. I do. And I give the figure to an auditor and he files the return.

Mr. ROBINSON. You give the figure to an auditor, and does he make out the return for you, or do you make it out yourself?

Mr. CAPONE. The auditor makes it out.

Mr. ROBINSON. The auditor makes it out. What kind of figure do you give him?

Mr. CAPONE. I would rather not answer that question.

Mr. ROBINSON. Do you break the figure down when you give it to him?

Mr. CAPONE. I would rather not answer that question.

Mr. ROBINSON. Or do you give him just a lump sum?

Mr. CAPONE. Well, I give him my entire income.

Mr. ROBINSON. Do you give him a record of your speculation?

Mr. CAPONE. No, sir.

Mr. ROBINSON. It is not broken down or itemized?

Mr. CAPONE. No, sir.

Mr. ROBINSON. You just give him one lump sum to insert in your return; is that correct?

Mr. CAPONE. That is right.

Mr. ROBINSON. How do you arrive at that lump sum?

Mr. CAPONE. Well, I just keep track of it.

Mr. ROBINSON. How do you keep track of it?

Mr. CAPONE. I keep track of it from day to day.

Mr. ROBINSON. Do you put it down in a book?

Mr. CAPONE. Well, if I win any money today, and I win the next day, I forget about the first day and just keep track of the total balance.

Mr. ROBINSON. How do you keep track of the total balance?

Mr. CAPONE. In my mind.

Mr. ROBINSON. From day to day?

Mr. CAPONE. That is right.

Mr. ROBINSON. How often do you speculate during the course of a year?

Mr. CAPONE. It is hard to say. There is no specific time.

Mr. ROBINSON. Would it be once a week?

Mr. CAPONE. There is no set time.

Mr. ROBINSON. Can't you give a rough idea of how often you speculate?

Mr. CAPONE. I can't, because I don't know when I am going to speculate.

Mr. ROBINSON. How many times did you speculate last year?

Mr. CAPONE. I can't keep track of the times.

Mr. ROBINSON. But there were numerous times that you did speculate last year?

Mr. CAPONE. I imagine there was.

Mr. ROBINSON. You didn't just speculate once?

Mr. CAPONE. Oh, no; more than once.

Mr. ROBINSON. There would be 60 or 70 times?

Mr. CAPONE. Well, giving a figure, I couldn't do it because I wouldn't be sure.

Mr. ROBINSON. Would it be more than 10 times?

Mr. CAPONE. I couldn't give you a figure because I couldn't be sure.

Mr. ROBINSON. There were numerous times?

Mr. CAPONE. There were numerous times.

Mr. ROBINSON. You kept it all in your head?

Mr. CAPONE. That is right.

Mr. ROBINSON. And came out with a total figure?

Mr. CAPONE. I didn't keep a figure in my head of the number of times I made a speculation, if that is what you mean.

Mr. ROBINSON. You kept the balance in your head all of the time?

Mr. CAPONE. I kept the balance every day in my head.

Mr. ROBINSON. And come the end of the year you would take the balance out of your head and put it down on your return?

Mr. CAPONE. I wouldn't figure a balance out——

Mr. ROBINSON. Beg pardon?

Mr. CAPONE. I would take the figures as accurate as far as I am concerned.

Mr. ROBINSON. That is what I say, at the end of the year you would come up with the balance?

Mr. CAPONE. No; that isn't what I mean.

Mr. ROBINSON. How would you keep track of it, if you had no papers?

Mr. CAPONE. You say I reach in my head, that isn't true. I got the figure in my head; I had it from the day before.

Mr. ROBINSON. You come up at the end of the year with the balance?

Mr. CAPONE. Yes.

Mr. ROBINSON. And gave the figure, and that is what you put down as miscellaneous in your return?

Mr. CAPONE. That is right. Am I being tried for income tax here?

The CHAIRMAN. You aren't being tried for anything. We are making an inquiry, Mr. Capone.

Mr. ROBINSON. You have done that over a period of 5, 6, or 7 years; is that correct?

Mr. CAPONE. That is right; maybe more.

Mr. ROBINSON. Do you know the business of Mr. Manno?

Mr. CAPONE. No, sir.

Mr. ROBINSON. Do you know Peter Tremont?

Mr. CAPONE. Yes, sir.

Mr. ROBINSON. Does he have—do you have any interest in his business?

Mr. CAPONE. No, sir.

Mr. ROBINSON. Do you know where his business is located?

Mr. CAPONE. Well, I bought—I buy my car from him.

Mr. ROBINSON. Do you see him frequently down at his office?

Mr. CAPONE. No, sir.

Mr. ROBINSON. Did you ever have an interest in the Havana Beverage Co.?

Mr. CAPONE. No, sir.

Mr. ROBINSON. Did your brother Matt ever have an interest in the company?

Mr. CAPONE. That I don't know.

Mr. ROBINSON. Did your brother Matt ever work for that company?

Mr. CAPONE. I don't know; I don't think so.

Mr. ROBINSON. Did you ever have an interest in any business with your brother Ralph?

Mr. CAPONE. No, sir.

Mr. ROBINSON. Did you go by another name, Mr. Capone?

Mr. CAPONE. Yes, sir.

Mr. ROBINSON. John Martin?

Mr. CAPONE. Yes; that is right?

The CHAIRMAN. When do you use John Martin, and when do you use John Capone?

Mr. CAPONE. I don't use John Capone at all.

The CHAIRMAN. It is always John Martin?

Mr. CAPONE. That is right.

The CHAIRMAN. Have you officially or legally changed your name?

Mr. CAPONE. No, sir.

Mr. ROBINSON. Now, have you ever turned any books or records over to your accountant?

Mr. CAPONE. No, sir.

Mr. ROBINSON. Do you have a bank account?

Mr. CAPONE. Yes, sir.

Mr. ROBINSON. Is that a checking account——

Mr. CAPONE. Yes, sir.

Mr. ROBINSON (continung). Or savings account?

Mr. CAPONE. Checking account.

Mr. ROBINSON. What do you have in that?

Mr. CAPONE. Huh?

Mr. ROBINSON. How much money do you have in the checking account?

Mr. CAPONE. I think you have the account here somewhere.

The CHAIRMAN. Well, approximately how much; I mean——

Mr. CAPONE. Right now?

The CHAIRMAN. Just generally; how big an account, bank account, do you keep?

Mr. CAPONE. Well, I keep as much as I need in there. I have got about \$200 in there now—two or three hundred dollars.

Mr. ROBINSON. Do you have a safe-deposit box?

Mr. CAPONE. Yes, sir.

Mr. ROBINSON. And how much do you keep in that?

Mr. CAPONE. I think that is a personal matter, sir, and I refuse to answer on the ground that it may tend to incriminate or do something to me that isn't just right.

The CHAIRMAN. Well, Mr. Capone, we don't want to get into any more contempt proceedings unless it is necessary, and the question is—what we want to get at is generally how much do you have?

Do you keep a large amount of cash on hand, or a small amount?

Mr. CAPONE. Well, I don't know whether I should answer that question or not, because I don't know what I am getting myself into here.

The CHAIRMAN. Is it in the thousands—we are not trying to get it for any sinister purpose. We just want to know how big an operator you were. Were you a big operator or a little operator or how big?

Mr. CAPONE. I wouldn't consider myself a big operator. I think it is a personal matter, Mr. Kefauver.

The CHAIRMAN. That is not—

Mr. CAPONE. I'd rather answer that when I really have to.

The CHAIRMAN. Well, we have a right to ask you. I don't know whether it is of any particular importance or not. Mr. Robinson, have you got any point you want to make on that?

Mr. ROBINSON. Well, I was curious to find out what the size of his speculation is.

The CHAIRMAN. Do you want to tell us whether you keep thousands of dollars on hand or hundreds of dollars, or generally how much you keep on hand?

Mr. CAPONE. I think it is a personal matter, Mr. Kefauver.

The CHAIRMAN. Then I guess we better ask specifically, Mr. Robinson. Just read the question over.

Mr. ROBINSON. How much cash do you keep in your safe deposit box?

The CHAIRMAN. On an average.

Mr. CAPONE. Well, I don't know what the figures are. It is different amounts at times.

Mr. ROBINSON. Well, can you give an approximation.

The CHAIRMAN. Give us the range, Mr. Capone. We are not particular about the exact amount. From one hundred to a thousand or a thousand—

Mr. CAPONE. There might be from a hundred to a thousand or more.

The CHAIRMAN. How much do you mean, more? Up to \$20,000?

Mr. CAPONE. Oh, no. No.

The CHAIRMAN. All right, Mr. Robinson.

Mr. ROBINSON. Did you ever speculate on the grain market?

Mr. CAPONE. No, sir.

Mr. ROBINSON. In the stock market?

Mr. CAPONE. No, sir.

Mr. ROBINSON. Do you know Rocco DeStefano?

Mr. CAPONE. Yes, sir.

Mr. ROBINSON. Does he stay at the Stevens Hotel with you?

Mr. CAPONE. No, sir.

Mr. ROBINSON. Is he in the same business with you?

Mr. CAPONE. I don't think so.

Mr. ROBINSON. Speculation?

Mr. CAPONE. He is not in business with me.

Mr. ROBINSON. Have you ever been arrested?

Mr. CAPONE. How do you mean? I have been picked up several times on account of my name.

Mr. ROBINSON. Well——

Mr. CAPONE. I don't have a record if that is what you mean.

Mr. ROBINSON. Have you ever been convicted?

Mr. CAPONE. No, sir.

Mr. ROBINSON. That is all I have.

The CHAIRMAN. Any questions, Mr. Halley?

Mr. HALLEY. No, sir.

The CHAIRMAN. How old are you?

Mr. CAPONE. Forty-six.

The CHAIRMAN. When were you last with the Finer Food Produce Co.? Do you remember whether it was——

Mr. CAPONE. About 1937, I think it was.

The CHAIRMAN. And you haven't worked for anybody since that time? That is, you haven't earned any salaries——

Mr. CAPONE. Well, I tried to, but my name seems to be hindering me all the time.

The CHAIRMAN. You mean you have some difficulty getting a job?

Mr. CAPONE. Right up to this point, too. You can't do this and you can't do that, and you go legit and you can't do that either.

The CHAIRMAN. So you just speculate?

Mr. CAPONE. And this situation is not making matters any better.

The CHAIRMAN. Any questions?

Mr. HALLEY. No.

The CHAIRMAN. Were you ever in the beer business, the beer sales business, with your brother who was here this morning, Ralph?

Mr. CAPONE. I didn't know he was in the beer business.

The CHAIRMAN. And you never helped him in his business?

Mr. CAPONE. No, sir, I haven't been in any business with him.

The CHAIRMAN. That is all, Mr. Capone.

Mr. CAPONE. Thank you.

(Witness excused.)

The CHAIRMAN. Mr. Patton, please. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PATTON. I do.

TESTIMONY OF JOHN PATTON, BURNHAM, ILL.

Mr. HALLEY. What is your full name, please?

Mr. PATTON. John Patton.

Mr. HALLEY. Where do you live?

Mr. PATTON. 14200 Avenue O, Burnham, Ill.

Mr. HALLEY. How long have you lived there?

Mr. PATTON. About 64 years.

Mr. HALLEY. Mr. Patton, before we get into your further testimony, can you tell me why the committee had so much trouble serving a subpoena on you over a period of almost 6 months?

Mr. PATTON. I don't know.

Mr. HALLEY. We sent our investigators to your home.

Mr. PATTON. Yes.

Mr. HALLEY. We were always told you were not home and nobody knew where to reach you.

Mr. PATTON. Your investigators came there three times.

Mr. HALLEY. We telephoned frequently.

Mr. PATTON. No, now, wait a minute. Let me tell it.

Mr. HALLEY. Go ahead and tell it your way.

Mr. PATTON. I was home there several times when they told me that the investigators just left. I didn't go looking for them. I seen the mail man every day, either at the farm or at the house, and I wasn't away. I might have been away 5 or 6 days during that period.

Mr. HALLEY. During what period are you referring to?

Mr. PATTON. From the period that you started looking for me until I got the letter from you.

Mr. HALLEY. Where were you in the first 2 weeks of July?

Mr. PATON. Burnham, I suppose.

Mr. HALLEY. Do you recall that on July 13 this committee called hearings in Miami?

Mr. PATTON. Yes, sir.

Mr. HALLEY. And on July 14 and 15 as well? Do you recall?

Mr. PATTON. If they don't stop these things. My eyes get sore.

The CHAIRMAN. All right, gentlemen. Let's relax the lights.

Mr. PATTON. One eye I can't see out of.

The CHAIRMAN. All right, Mr. Patton.

Mr. HALLEY. Do you recall that for at least a week prior to July 13—

Mr. PATTON. You will have to tell me something about that. I don't recall it.

Mr. HALLEY. I am going to try to give you something to recall.

Mr. PATTON. Then give it to me.

Mr. HALLEY. That this committee was in daily contact with your home and with your wife in an effort to find out where you were?

Mr. PATTON. No, I don't think the committee was. Some man by the name of Rice.

Mr. HALLEY. He is just the assistant counsel to the committee. Is that good enough?

Mr. PATTON. That would be all right. Some man by the name of Rice.

Mr. HALLEY. Downey Rice?

Mr. PATTON. I don't know what his first name is, but Mr. Rice was calling and I told my wife to pay no attention to him. I thought it was Jack Rice, our publicity man, always calling me up for a touch. That is why I ducked that.

Mr. HALLEY. Mr. Patton, that is the best one I have heard yet.

Mr. PATTON. Well, it is a good one.

Mr. HALLEY. Do you have a radio in your home?

Mr. PATTON. Yes, sir.

Mr. HALLEY. Wasn't the radio carrying stories daily that this committee was looking for you?

Mr. PATTON. I have seen it in the papers, but I don't believe everything in the papers. After I came in here, I seen by the papers where you people were out to get me arrested.

Mr. HALLEY. Do you believe it now?

Mr. PATTON. No, sir. I don't believe the papers.

Mr. HALLEY. Do you believe that we want to talk to you now?

Mr. PATTON. I presume that you did want to talk to me.

Mr. HALLEY. Did you have any reason for not wanting to talk to the committee?

Mr. PATTON. Not a thing.

Mr. HALLEY. In effect, you were just ducking it deliberately?

Mr. PATTON. No, I wasn't.

Mr. HALLEY. When your wife told Mr. Rice you were in an automobile driving south, she was not telling Mr. Rice the truth?

Mr. PATTON. My wife was telling Mr. Rice the truth as far as she knew.

Mr. HALLEY. You told her not to pay any attention to Mr. Rice?

Mr. PATTON. I seen where the committee was going to be there, and I said to my wife, "I am off to Miami, I guess."

Mr. HALLEY. Wait a minute. This is another story.

Mr. PATTON. No, it ain't another story, my friend. It is all the same.

Mr. HALLEY. When did you say you were "off to Miami, I guess"?

Mr. PATTON. I don't know.

Mr. HALLEY. Did you go off to Miami?

Mr. PATTON. I didn't have any intention. I said I guessed I would be off to Miami.

Mr. HALLEY. Did you ever start to Miami?

Mr. PATTON. I have started a lot of times.

Mr. HALLEY. You stayed right at home during that period?

Mr. PATTON. No, I didn't stay home during that period.

Mr. HALLEY. Well, where were you living the week before July 13?

Mr. PATTON. I don't know by that address, but if it was around that time, I guess I was down on the farm, at Earl Park.

Mr. HALLEY. Where is your farm?

Mr. PATTON. At Earl Park, Ind.

Mr. HALLEY. And where was your wife at that time?

(No answer.)

Mr. HALLEY. She was at the farm with you?

Mr. PATTON. No, she wasn't at the farm.

Mr. HALLEY. Where was she?

Mr. PATTON. She was in Burnham.

Mr. HALLEY. We sent people to your home——

Mr. PATTON. You sent a man to my home. He came there and knocked at the door and said he was a friend of mine and wanted to see me. My wife said I wasn't there, and I wasn't.

Mr. HALLEY. Didn't our investigator say they wanted to see you at your home or at your farm, or wherever you were?

Mr. PATTON. I am going to tell you if you will let me go ahead with it.

The next time he came he told her he was from the crime commission. I assumed the Chicago Crime Commission, and I didn't care whether I met them or not. I had nothing to give them, and I knew they had nothing to give me. I never paid them yet.

Mr. HALLEY. What happened the next time?

Mr. PATTON. The next time, there was a man came and told her he was from the office of the marshal here and he wanted to see me. I think I was either in Kansas City then or up in Wisconsin—Iowa, that would be at that time.

Mr. HALLEY. And the other times you can refer to?

Mr. PATTON. Only three times.

Mr. HALLEY. That one day you read in the papers the committee was going to get out a warrant of arrest for you, is that right?

Mr. PATTON. I seen that several times.

Mr. HALLEY. Is that when you decided to come in?

Mr. PATTON. I didn't come in. I waited until you sent me a letter to come in.

Mr. HALLEY. We sent you a registered letter?

Mr. PATTON. Yes, and I went and received it.

Mr. HALLEY. That was a foolish thing to do.

Mr. PATTON. Are you advising me it was foolish?

Mr. HALLEY. That is how we got service on you; isn't it?

Mr. PATTON. Yes.

Mr. HALLEY. Now that you are here [laughter]——

Mr. PATTON. I have only got one eye. Those lights bother me. I have a bad eye there.

The CHAIRMAN. I know these young men will be considerate.

Mr. HALLEY. Now that you are here, we would like to know a little about you.

The CHAIRMAN. Give him a fresh glass over here.

Mr. HALLEY. Mr. Patton, what are your present business interests?

Mr. PATTON. Well, trying to get rid of you fellows is my principal business, but I haven't been doing much this summer except staying on the farm. I keep on buying a few cattle and trying to sell them.

Mr. HALLEY. Do you own any stock in any company?

Mr. PATTON. Yes, sir; I own some stock in the Miami Beach Kennel Club, and the one at Tampa.

Mr. HALLEY. Your son owns stock in them, too?

Mr. PATTON. He owns stock in Tampa. And I think that is all of the stock I got any place.

Mr. HALLEY. Jacksonville Kennel Club?

Mr. PATTON. No.

Mr. HALLEY. Sportsman's Park?

Mr. PATTON. No.

Mr. HALLEY. National Jockey Club?

Mr. PATTON. No.

Mr. HALLEY. Does your son own stock in that?

Mr. PATTON. Yes, sir.

Mr. HALLEY. Do you have any other business interests?

Mr. PATTON. I got an interest in a farm.

Mr. HALLEY. What are you worth today, Mr. Patton?

Mr. PATTON. Oh, I don't know, three, four hundred thousand, maybe; it depends a lot on the market.

Mr. HALLEY. It could be more?

Mr. PATTON. Could be more.

Mr. HALLEY. You used to be the famous boy mayor of Burnham?

Mr. PATTON. I don't know anything about being famous, but I was the mayor of Burnham, the president of the village of Burnham.

Mr. HALLEY. You are working at being famous right now; aren't you?

Mr. PATTON. No, sir; no, sir.

Mr. HALLEY. When were you mayor of Burnham?

The CHAIRMAN. He wasn't; he was president of the village.

Mr. PATTON. President of the village of Burnham for about 38 or 40 years.

Mr. HALLEY. For that whole length of time?

Mr. PATTON. Yes.

Mr. HALLEY. When were you first elected?

Mr. PATTON. Well——

Mr. HALLEY. Are you still president?

Mr. PATTON. No, no. I have been out 3 years; so take about 40 years back.

Mr. HALLEY. Takes you back to about the turn of the century?

Mr. PATTON. I don't know whether it would be the turn of the century. It would be 1908—wouldn't it—1907 or 1908?

Mr. HALLEY. 1907 or 1908?

Mr. PATTON. Yes.

Mr. HALLEY. You were continuously president of the board?

Mr. PATTON. I was in there for one term and then I was out; then I came back and I was in for the other 17 or 18—or for the rest, about 37 or 38 years, I think.

Mr. HALLEY. You had things politically pretty well in hand?

Mr. PATTON. Oh, yes; we voted Democratic all of the time.

Mr. HALLEY. You never had any trouble handling that?

Mr. PATTON. Oh, no, no. Of course, it was the only precinct in the county outside of the city that did go Democratic like that all of the time, so it always went pretty good.

Mr. HALLEY. Now during the prohibition period did you know Al Capone?

Mr. PATTON. Yes, sir.

Mr. HALLEY. How far is Burnham from right here in Chicago?

Mr. PATTON. Oh, I would say 24 miles, 25 miles.

Mr. HALLEY. Did you during the period from 1920 to 1930 have any business other than being president of the Board of Burnham?

Mr. PATTON. Oh, yes, yes.

Mr. HALLEY. What other businesses did you have?

Mr. PATTON. I had the cigar business in East Chicago.

Mr. HALLEY. What is that?

Mr. PATTON. Manufactured cigars.

Mr. HALLEY. In Chicago?

Mr. PATTON. East Chicago, Ind. And I had a slaughterhouse. I had a farm. And I had worked about 60 or 80 teams; so I was pretty busy.

Mr. HALLEY. You had a lot of business interests?

Mr. PATTON. Yes, sir.

Mr. HALLEY. How did you get to know Al Capone?

Mr. PATTON. I don't know how I got to know him. I got to know him; that's all.

Mr. HALLEY. You were pretty good friends?

Mr. PATTON. I guess I was all right with him.

Mr. HALLEY. Was he all right with you?

Mr. PATTON. As far as I am concerned, yes.

Mr. HALLEY. Did you know Frank Nitti?

Mr. PATTON. Yes, sir.

Mr. HALLEY. Eddie O'Hare?

Mr. PATTON. Yes, sir.

Mr. HALLEY. They were all one crowd; weren't they?

Mr. PATTON. How do you mean, "one crowd"?

Mr. HALLEY. Well, they were a gang of rumrunners—weren't they—bootleggers?

Mr. PATTON. I don't know whether they were bootleggers. I don't think Eddie O'Hare was a bootlegger. I didn't know Eddie until later, around 1928. I don't know what he did in St. Louis. He was a lawyer and I can't keep track of lawyers, you know.

Mr. HALLEY. I hope the lawyers can keep track of you from now on.

Mr. PATTON. Oh, they have did it pretty well.

Mr. HALLEY. Well, this one had a hard time up to today. Tell me, you don't have any doubts that Capone and Nitti were in the beer-running business?

Mr. PATTON. No; I have no doubts.

Mr. HALLEY. Did they also have gambling businesses during the 1920's?

Mr. PATTON. I don't know whether they had it in that period or not.

Mr. HALLEY. Was it after the end of prohibition that they went into gambling?

Mr. PATTON. Maybe. I think that may be the time they did. I don't know that Al Capone ever had any gambling.

Mr. HALLEY. How did he get his income after prohibition's end?

Mr. PATTON. God knows; I don't know.

Mr. HALLEY. He had vast assets; did he not?

Mr. PATTON. Apparently he did, for the amount of money he spent.

Mr. HALLEY. He had a tremendous home in Florida; didn't he?

Mr. PATTON. I didn't think so much of his home in Florida.

Mr. HALLEY. Compared to others, you mean?

Mr. PATTON. There are other homes better in Florida.

Mr. HALLEY. He had a pretty nice place; didn't he?

Mr. PATTON. He had a pretty nice place; I will agree with you on that.

Mr. HALLEY. You had a place down there, too; didn't you?

Mr. PATTON. Not at that time.

Mr. HALLEY. You have now?

Mr. PATTON. Yes.

Mr. HALLEY. Did Nitti have a place in Florida?

Mr. PATTON. Yes.

Mr. HALLEY. How did O'Hare get involved with the Capones?

Mr. PATTON. How did what?

Mr. HALLEY. O'Hare, Ed O'Hare.

Mr. PATTON. Get what?

Mr. HALLEY. What was his business with Capone?

Mr. PATTON. I don't think Eddie had any business at all with the Capones, outside of maybe in that dog track at Cicero.

Mr. HALLEY. What was the dog track? Will you tell the committee something about it?

Mr. PATTON. Yes; it was for racing dogs.

Mr. HALLEY. And who owned it?

Mr. PATTON. Well, there were quite a few people. Some people from St. Louis came in, and they started promoting it, and the result was that we—I got a piece of it, and——

Mr. HALLEY. Ed O'Hare had a piece?

Mr. PATTON. Ed O'Hare had a piece. That is the first time I met O'Hare.

Mr. HALLEY. Was O'Hare—is that when he came up from St. Louis?

Mr. PATTON. Yes, sir.

Mr. HALLEY. In connection with the dog track?

Mr. PATTON. Yes, sir.

Mr. HALLEY. Was there a man named O. P. Smith who had invented a mechanical dog involved in that deal?

Mr. PATTON. No. O. P. Smith died a few years before that track opened.

Mr. HALLEY. You mean the Cicero track?

Mr. PATTON. Yes, sir.

Mr. HALLEY. And people representing his estate had the mechanical dog; is that right?

Mr. PATTON. Correct.

Mr. HALLEY. And it was necessary to make some sort of deal with the Smith estate?

Mr. PATTON. Yes.

Mr. HALLEY. Is that where Eddie O'Hare figures?

Mr. PATTON. No; Eddie O'Hare came up and put up his money, and they promoted it. He had—wait, I think I have got their names down here [looking at a sheet of paper].

There was Wilder, Marty Hyland, Frank Anderson, and George Sawyer, and Mrs. Smith, and I think that is about all was with Eddie O'Hare.

The CHAIRMAN. All of these people came from St. Louis or lived in St. Louis?

Mr. PATTON. Them people came from St. Louis, or Matteson, up around through there, and I think that—yes; I would say they all came from around St. Louis.

The CHAIRMAN. What year was this, Mr. Patton?

Mr. PATTON. That was the year we built Cicero, and I am just guessing about it—around 1927 or 1928.

Mr. HALLEY. That is just about right.

Mr. PATTON. I am just guessing.

Mr. HALLEY. Isn't it a fact that originally the first track was put up was the Thornton Track, by Homer Ellis, in 1927?

Mr. PATTON. Yes, sir; yes, sir; yes, sir.

Mr. HALLEY. Ellis was a slot-machine king; wasn't he?

Mr. PATTON. I think that his brother was.

Mr. HALLEY. His brother was?

Mr. PATTON. Yes. Ellis always ran a barroom.

Mr. HALLEY. And then Ellis put this first dog track, and it was quite successful?

Mr. PATTON. I don't know how much successful it was. He put it up anyhow.

Mr. HALLEY. And Capone got the idea that——

Mr. PATTON. Wait, just keep Capone out of this. He didn't have any part of the track.

Mr. HALLEY. But he got the idea that if Ellis could run a good one he could?

Mr. PATTON. I don't know whether he did or not.

Mr. HALLEY. In any event, he then started the Cicero track?

Mr. PATTON. He didn't start it.

Mr. HALLEY. I would like to get the story straight and see how he figured in the Cicero track.

Mr. PATTON. I am telling you he didn't have any part of the Cicero dog track.

Mr. HALLEY. None whatsoever?

Mr. PATTON. No.

Mr. HALLEY. Who did have a part?

Mr. PATTON. O'Hare, and I mentioned all these people. I had a piece of it, and a little fellow in Cicero by the name of Cohen.

Mr. HALLEY. A fellow named Hyland?

Mr. PATTON. I give you Hyland. Have you got some other names there? I can't remember them names.

Mr. HALLEY. I guess that is about all I have, except that I understood that O'Hare's interest was for Capone.

Mr. PATTON. I don't know anything about that.

Mr. HALLEY. Well, was Capone active in connection with that track?

Mr. PATTON. No.

Mr. HALLEY. How did Capone get interested in the dog-track field?

Mr. PATTON. Sir?

Mr. HALLEY. How did Capone get interested in the dog track?

Mr. PATTON. I don't know how he got interested in the dog track.

Mr. HALLEY. Did he get interested?

Mr. PATTON. No; I didn't see him interested in it.

Mr. HALLEY. At no time?

Mr. PATTON. He didn't put no money in the dog track.

Mr. HALLEY. Did he take any out?

Mr. PATTON. I don't know if he got it out; he didn't get it from me.

Mr. HALLEY. What was the situation with regard to the Miami Kennel Club? When was that opened and under what circumstances?

Mr. PATTON. Well, the Miami Kennel Club was built by that prize-fighting manager, promoter, out of New York. What is his name? Well, anyhow—and he died down there, the night that it opened. What was his name? He promoted all the big fights in the country.

Mr. HALLEY. I know; the name just slips me.

Mr. PATTON. It slips me, too, and I'm a lot older than you are, sir.

Mr. HALLEY. Well, in any event—

Mr. PATTON. Anyhow, he came from out west, he was with Dempsey's—

Mr. HALLEY. Promoted most of Dempsey's fights?

Mr. PATTON. Yes, sir. Well, anyhow they were on it there and promoted the track for about 2 years.

Mr. HALLEY. Rickard, Tex Rickard.

Mr. PATTON. Tex Rickard is right. He operated the track for about 2 or 3 years. Rickard was dead. He died the first night it opened up. A fellow by the name of Carter had it, and he didn't make no money, and O'Hare went down there and bought in on it.

Mr. HALLEY. Who went in with O'Hare on it?

Mr. PATTON. I went in with O'Hare on it.

Mr. HALLEY. Who else did?

Mr. PATTON. Well, he had a lot of these people, the same people. I don't know how many he had, but I know I had a piece of it.

Mr. HALLEY. Why did that——

Mr. PATTON. Sir?

Mr. HALLEY. Why did that particular track and the Cicero track and the one around Louisville get the reputation of being the Capone tracks?

Mr. PATTON. I never heard about the Louisville track being a Capone track. It might have been, but very easy, because maybe Capone told a lot of people that he owned it. If I had the money that Capone owed himself, I'd be all right.

Mr. HALLEY. You think he just spread the rumor around, himself?

Mr. PATTON. Well, he is liable to tell anybody—God, he had people believing that he owned part of the Tribune. [Laughter.] I am not lying about that.

Mr. HALLEY. Well, that is possible. I'd like to see the people. In any event, the people in those tracks were not all associates of Capone; is that what you would say?

Mr. PATTON. Yes, sir.

Mr. HALLEY. You were an associate?

Mr. PATTON. No; I was no associate of Capone's.

Mr. HALLEY. Well, you were a good friend, I think you pointed out?

Mr. PATTON. I was—do you have to fight with everybody?

Mr. HALLEY. Well, you saw a lot of Capone?

Mr. PATTON. I seen a lot of Capone; yes.

Mr. HALLEY. And was Frank Nitti connected with the dog track?

Mr. PATTON. Yes. No; not with the dog track. Not to my knowledge.

Mr. HALLEY. Was he connected with the race track?

Mr. PATTON. Yes; after the——

Mr. HALLEY. He was certainly an associate of Capone's?

Mr. PATTON. Yes.

Mr. HALLEY. You are talking now about which race track?

Mr. PATTON. Sportsman's Park.

Mr. HALLEY. He was up there with Eddie O'Hare; is that right?

Mr. PATTON. Yes.

Mr. HALLEY. Was Larry McCullough an associate of Capone's?

Mr. PATTON. No; Bob never hung around much with them Italian fellows at all.

Mr. HALLEY. Well, weren't you——

Mr. PATTON. He might have been with them at times, a lot of times, but he never did that.

Mr. HALLEY. Didn't you once, in 1925, have the misfortune to be arrested in the Capone headquarters with Bob McCullough and Frank Nitti and some others?

Mr. PATTON. Who is the rest?

Mr. HALLEY. Those are the only two names I have. Those are good enough, though, aren't they?

Mr. PATTON. Yes; we were arrested, but it wasn't his headquarters. It was a doctor's office.

Mr. HALLEY. Was it at the Lexington Hotel?

Mr. PATTON. No, sir; I was never arrested in the Lexington Hotel.

Mr. HALLEY. Where was it?

Mr. PATTON. Across from the Lexington Hotel in a doctor's office, second floor.

Mr. PATTON. What were you all doing there?

Mr. PATTON. God, I don't know what we were doing there now. I just walked in 5 minutes before they came in.

Mr. HALLEY. McCullough worked for Capone, did he not?

Mr. PATTON. No—well, he might have worked for Capone. I can't answer that. I don't know whether he worked for him or not.

Mr. HALLEY. What do you think he did?

Mr. PATTON. I don't know whether he did or not. Later on maybe Capone got him a job or something.

Mr. HALLEY. Certainly Nitti did?

Mr. PATTON. Worked for Capone?

Mr. HALLEY. Yes; or with him.

Mr. PATTON. I think Nitti was on his own.

Mr. HALLEY. They were in business together, in other words?

Mr. PATTON. Yes; it might be that way.

Mr. HALLEY. How did Bill Johnston get into the set-up with you and Eddie O'Hare?

Mr. PATTON. Oh, Bill Johnston, first time I knew Bill Johnston he was bookkeeper at the barns, back there for the horsemen.

Mr. HALLEY. Sportsman's Park?

Mr. PATTON. Sportsman's Park, and I didn't know anything about a race track.

I said to him, "What are you doing down here," and he was showing me all the money he collected from them horsemen, paying out, running the bank back there.

Mr. HALLEY. What were you doing there? Were you an owner?

Mr. PATTON. I was part owner. I had built the track and was around there looking, trying to make a dollar.

Mr. HALLEY. Having built the track, you were then trying to find out how it operated?

Mr. PATTON. Yes; and I seen him down there with a lot of money and nobody around him, and I said, "Who is he?" and he said some newspaper fellow—

Mr. HALLEY. Hadn't Johnston had a lease on an old auto racing track?

Mr. PATTON. The what?

Mr. HALLEY. The Robey Speedway?

Mr. PATTON. Oh, that is afterward that he came out. There was going to be a law passed over there, and Eddie O'Hare and me put up some money—I don't know how much it is now—to release that piece of ground. We thought, well, if that law is passed, we didn't have no law in Illinois, and it looked like there was going to be a law passed in Indiana, and we leased that Robey ground.

Mr. HALLEY. That track was over in Indiana?

Mr. PATTON. That was over in Indiana.

Mr. HALLEY. And you figured they were going to legalize dog racing?

Mr. PATTON. That is it. Then it didn't go.

Mr. HALLEY. When was that now?

Mr. PATTON. Oh, I don't know.

Mr. HALLEY. Wasn't that before Johnston went to work for you? Johnston had the lease?

Mr. PATTON. Well, maybe that is the way it was. I don't know, but anyhow that is where I got mixed up with Johnston.

Mr. HALLEY. You and Eddie O'Hara got the lease from Jonhston, didn't you?

Mr. PATTON. Maybe we did. I don't know.

Mr. HALLEY. You have a pretty good memory, and you have done pretty well.

Mr. PATTON. I don't know whether we paid—I don't think we paid the money to Johnston. I think we paid it to the landowner.

Mr. HALLEY. But Johnston turned the lease over to you?

Mr. PATTON. He may have turned the lease over to us. I don't know. I didn't handle it at all.

Mr. HALLEY. And in return Johnston got a job at the track?

Mr. PATTON. No. We had some races there. Someone came along with automobile races, and Johnston handled that and collected money for us. We were trying to get our money out of it. I don't know how we wound up with it.

Mr. HALLEY. From there did Johnston go to Sportsman's Park?

Mr. PATTON. He came to Sportsman's Park.

Mr. HALLEY. After the Robey deal?

Mr. PATTON. Now, I don't know. Some place around there, I imagine.

Mr. HALLEY. Isn't that how you first got to know Johnston, in connection with the Robey deal?

Mr. PATTON. I told you how I first know Johnston. In my memory it was when he was cashier, paying off the horseemen. Them horsemen came in with four or five thousand dollars and deposit it with you, or three thousand. Them days it was pretty tough.

Mr. HALLEY. You mean those were the little bets in those days?

Mr. PATTON. Little bets? No; they would come in with three or four or five thousand dollars deposit with the man to use to pay his jockey or buy his feed. They used us for a bank, and they do it now. That is why I asked Eddie O'Hare where did he get the fellow. I didn't know whether he was O. K. or not.

Mr. HALLEY. What I am trying to find out, at that time did Johnston already have his lease on the Robey Speedway, or did he go out and get it for you?

Mr. PATTON. I don't know whether he went out and got it or who got it. I know Eddie O'Hare—we wound up paying for it anyhow, and I had a piece of it. How much I had I forget now. I remember getting some of it back. I don't know whether I got it all back or not.

Mr. HALLEY. Didn't O'Hare give Johnston the job at the track on the strength of his lease?

Mr. PATTON. Maybe he did. I know. O'Hare hired him.

Mr. HALLEY. Now, Johnston became pretty close to O'Hare and you, is that right?

Mr. PATTON. Oh, yes; Johnston is all right.

Mr. HALLEY. And you kept promoting him, is that true?

Mr. PATTON. Yes.

Mr. HALLEY. Then one day Eddie O'Hare got himself killed; is that right?

Mr. PATTON. Eddie was killed; yes. I don't know whether he got himself killed or not. I don't know.

Mr. HALLEY. You and Bill Johnston were with him just before he left the track and he went out into the street and got killed; is that right?

Mr. PATTON. No. I think I left the track over there in the morning and Eddie didn't get killed until 4 or 5 at night, so I don't know where he was.

Mr. HALLEY. Was it a gang murder?

Mr. PATTON. Was it what?

Mr. HALLEY. Was it a gangster type of murder? Was he killed in gangster fashion?

Mr. PATTON. Yes; he was shot.

Mr. HALLEY. What had O'Hare been doing since he got to Chicago from St. Louis and went into the racing business? Had he gotten involved with gangsters?

Mr. PATTON. No. He went down east, Boston, and he built a track there. He helped get the law passed down there.

Mr. HALLEY. That was the Thornton track?

Mr. PATTON. Thornton, yes. He was operating that. I had no part of that. I was going to go into it and I backed out.

Mr. HALLEY. I am curious to know what activities you think O'Hare was in that might have gotten him sufficiently involved with gangsters to get him killed?

Mr. PATTON. I don't think about them things.

Mr. HALLEY. Well, I know they are not pleasant to think about.

Mr. PATTON. I don't think about them.

Mr. HALLEY. Did you know anything that O'Hare was involved in?

Mr. PATTON. That he should be killed, no. I couldn't——

Mr. HALLEY. What specific relations did he have with any of the Capone crowd?

Mr. PATTON. I don't know.

Mr. HALLEY. Was he on bad terms with Frank Nitti?

Mr. PATTON. No; not that I know of.

Mr. HALLEY. Or with McCullough?

Mr. PATTON. With who?

Mr. HALLEY. Bob McCullough.

Mr. PATTON. Bob McCullough——

Mr. HALLEY. And Eddie O'Hare.

Mr. PATTON. I don't think so.

Mr. HALLEY. After O'Hare died, you and Johnston bought up the stock, is that right?

Mr. PATTON. Of where?

Mr. HALLEY. Well, of pretty much all of O'Hare's track interests, wouldn't that be so?

Mr. PATTON. After he died, I sold my stock in Sportsman's Park.

Mr. HALLEY. Your son bought it, did he not?

Mr. PATTON. No; he did not.

Mr. HALLEY. Isn't your son in Sportsman's Park?

Mr. PATTON. Yes.

Mr. HALLEY. Who did you sell your stock to?

Mr. PATTON. Keeshin.

Mr. HALLEY. Keeshin?

Mr. PATTON. Yes.

Mr. HALLEY. And where did your son get the stock he has?

Mr. PATTON. Well, afterwards Charlie Bidwell and them bought Keeshin out, and that is when Charlie, my boy, bought in there.

Mr. HALLEY. Is that Charlie Bidwell who was in the racing wire with Annenberg?

Mr. PATTON. I guess it is the same Bidwell. I don't know anything about their business.

Mr. HALLEY. What happened with respect to the Miami Kennel Club? Who took over control of that after O'Hare died?

Mr. PATTON. Well, Charlie Bidwell and—I imagine Charlie Bidwell had—and Eddie—he got some of Eddie's—Eddie—it was Bidwell and Johnston.

Mr. HALLEY. Bidwell and Johnston?

Mr. PATTON. Yes.

Mr. HALLEY. What interest did you have?

Mr. PATTON. I don't know how much I had there—about as much as they had.

Mr. HALLEY. And between the three of you, you ran the track?

Mr. PATTON. Yes.

Mr. HALLEY. Bidwell later died; is that right?

Mr. PATTON. Yes, sir.

Mr. HALLEY. And his estate had some of his stock?

Mr. PATTON. I think his estate got all of his stock.

Mr. HALLEY. There is not quite as much there as either Johnston or you show.

Mr. PATTON. I don't know. Yes; Bill's brother came in on it, too. Bill Johnston's brother bought in during that time, too, the banker.

Mr. HALLEY. Who was that?

Mr. PATTON. Jack Johnston.

Mr. HALLEY. Now, you gave your stock in trust to Mr. Crummery to hold for you?

Mr. PATTON. Yes.

Mr. HALLEY. Is he related to you?

Mr. PATTON. Mrs. Crummery it is, isn't it?

Mr. HALLEY. D. Crummery.

Mr. PATTON. Yes.

Mr. HALLEY. Is he your son-in-law?

Mr. PATTON. No.

Mr. HALLEY. But he is a relative?

Mr. PATTON. Yes.

Mr. HALLEY. And does he still hold your stock in trust?

Mr. PATTON. Yes.

Mr. HALLEY. Would it be fair to say that the Miami Kennel Club today is controlled by the joint interests of yourself and Johnston?

Mr. PATTON. And Johnston.

Mr. HALLEY. Yes.

Mr. PATTON. All the Johnstons.

Mr. HALLEY. The Johnston family?

Mr. PATTON. Yes. I suppose, and Bidwells, put them in, because I think they have a trust, some kind of a trust that they—

Mr. HALLEY. They are the third largest group?

Mr. PATTON. A voting agreement or some darned thing.

Mr. HALLEY. Now, have you any other interests in the State of Florida?

Mr. PATTON. I got a house there.

Mr. HALLEY. Anything else? Or does your son?

Mr. PATTON. Oh, Tampa—track, the Tampa track, I was going to pretty near say “No,” but I had already told you about the Tampa track. I got a little piece of the Tampa track and I did have something with Tropical, but I have got all of my money out of there.

Mr. HALLEY. Who did you sell your interest in Tropical to?

Mr. PATTON. Oh, to them, to the people.

Mr. HALLEY. Erickson?

Mr. PATTON. No; Erickson was in it with me.

Mr. HALLEY. Oh, you and Erickson were in it together?

Mr. PATTON. Erickson was my partner.

Mr. HALLEY. That is right. Then you sold out to the people who had the stable, the tabulation machine?

Mr. PATTON. Yes, yes.

Mr. HALLEY. You sold that about '41 or '42?

Mr. PATTON. I believe that is about right.

Mr. HALLEY. Well, we went through these papers—it was quite a while back in Florida, but we were very much interested in knowing from you why you had a Hot Springs, Ark., lawyer handling a deal in Miami with you living up here in Florida.

Mr. PATTON. I had him?

Mr. HALLEY. Yes; he was a lawyer.

Mr. PATTON. No, no; he wasn't my lawyer.

Mr. HALLEY. Erickson had a——

Mr. PATTON. No, no; I had a fellow by the name of Carl Huffman handle my end of it, and I didn't have him much. What did I have need of my lawyer?

Mr. HALLEY. If I can look forward to the pleasure of ever getting hold of you again by mail or otherwise, I will check that point with you.

Mr. PATTON. That would be all right. I may be——

Mr. HALLEY. You may remember?

Mr. PATTON. I can tell you that there were some people from New York that was in with that track.

Mr. HALLEY. Who are they?

Mr. PATTON. Well, there is a woman down in Hot Springs; her brother was the mayor of Hot Springs for a long time. Now I forget what his name is now. She had an interest in it, and then there were Bill Dwyer in New York. He used to be one of the big bootleggers in New York—I presume you know him, you know, from—he had a lot of publicity, he owned two or three horse tracks around up in Boston and some place, and he owned—I think he brought that skating business into New York, the hockey, I think he had hockey, didn't he?

Mr. HALLEY. That is right. Do you think he had the Hot Springs lawyer?

Mr. PATTON. No. Now he could have had it. I paid no attention there.

Mr. HALLEY. Do you remember a fellow named Allenberg was handling it for Erickson?

Mr. PATTON. I was just going to tell you that Mr. Allenberg was supposed to be a lawyer and he was handling it. I knew how much

money I was going to get, that's all I know, and how I was going to get it, and some lawyers from Boston and New York was handling it, and here about 2 months ago they wrote to me, when they sold the track, they said I had a \$90,000 mortgage on the track, would I release it, and they had passed titles twice, I think.

Mr. HALLEY. I have a very distinct recollection of a settlement, the division of the proceeds between Erickson and yourself, being handled for Erickson by Allenberg and for you by an attorney in Hot Springs. Now my memory could be faulty.

Mr. PATTON. Now they might have had it that way, I don't know. I know Carl Huffman looked at the papers for me.

Mr. HALLEY. You do not have a Hot Springs lawyer representing you?

Mr. PATTON. No, sir; I do not; no, sir. If you told me to name a Hot Springs lawyer I couldn't name one.

Mr. HALLEY. How did you get into that deal to go into Tropical Park with Erickson?

Mr. PATTON. Well, Erickson got in the deal first; he put up \$300,000 to pay the State off their taxes and stuff which the other outfit had run.

Mr. HALLEY. The track was in hock, so to speak?

Mr. PATTON. Yes; and Erickson had \$300,000 in it.

Mr. HALLEY. In cash, which he put in about 1934 or 1935?

Mr. PATTON. Yes; and then he sent Allenberg down to run it.

Mr. HALLEY. That is right.

Mr. PATTON. And Allenberg run it a year or two years, and they were the same amount of money in hock, and Erickson was not getting his money out, and they came to me and asked if I would be interested in taking the track. I went over and looked at it, and looked through the books and things, and I made a deal with them, I wouldn't go in unless I got a piece of it, and I bought a piece of it. Now how much I paid for it, either \$50,000 for 8 percent, or 25, I don't know how much.

Mr. HALLEY. Had you known Erickson previously?

Mr. PATTON. No, no.

Mr. HALLEY. How did he get to you? Did you even in those days have a reputation of being worth a great deal of money?

Mr. PATTON. No; I never had that reputation, but I did have a reputation of knowing how to run a horse track or a dog track.

Mr. HALLEY. That is how you think he got to you?

Mr. PATTON. Well, he came to me with the proposition.

Mr. HALLEY. Who introduced him to you?

Mr. PATTON. I don't know.

Mr. HALLEY. Were there any other business deals?

Mr. PATTON. No.

Mr. HALLEY. Did you ever stay at the Wofford Hotel with Allenberg?

Mr. PATTON. No; I don't think I ever did. No; I don't think so. I have been there, but I never stayed there, not to my knowledge. Now, if I did, it might have been for one night, or something like that; I don't think so.

Mr. HALLEY. What other property interests did you have in Florida?

Mr. PATTON. I told you just my house.

Mr. HALLEY. Does your son have any additional interests, other than those we have talked about, to your knowledge?

Mr. PATTON. No, no; I don't think he has.

Mr. HALLEY. Have you been active in politics in Florida?

Mr. PATTON. No, sir; no.

Mr. HALLEY. Did you talk to Bill Johnston about the contribution he made to Fuller Warren's campaign in 1948?

Mr. PATTON. Yes.

Mr. HALLEY. Did you contribute any money to it?

Mr. PATTON. No, sir; and I will tell you why, because I was sick; maybe I would have gotten into it, but I was sick in bed about that time. I had a heart attack, and I had three nurses, and they weren't bothering me much when I was down there.

Mr. HALLEY. You were down in Florida at the time?

Mr. PATTON. Down in Florida; yes.

Mr. HALLEY. What did Johnston say to you about his idea of financing this campaign for Fuller Warren?

Mr. PATTON. He was always a little nutty about Fuller Warren. He thought he was going to be the next President of the United States, I suppose.

Mr. HALLEY. Did he talk about what it would mean to him, Bill Johnston, or to you, John Patton, if Fuller Warren was elected?

Mr. PATTON. It didn't mean anything to me. I don't know what it meant to him. I didn't want to be made a colonel. Bill is a colonel, I think.

Mr. HALLEY. Well, did it mean anything else to him?

Mr. PATTON [shrugging shoulders]. I don't know.

Mr. HALLEY. Of course, it would make him a pretty influential fellow in the State of Florida?

Mr. PATTON. Sure.

Mr. HALLEY. There was no doubt about that?

Mr. PATTON. Sure. I know if I gave him that much money I would want to talk to him.

Mr. HALLEY. It was a big political contribution?

Mr. PATTON. Yes, sure; that is it.

Mr. HALLEY. Did he ask you to put any money into it?

Mr. PATTON. No; he didn't.

Mr. HALLEY. After Fuller Warren was elected, did you have any discussion—

Mr. PATTON. No.

Mr. HALLEY (continuing). With Bill Johnston, about the political situation in Florida?

Mr. PATTON. No; I didn't. When I say I never did, I might say, "Who is he going to appoint for this job?" or something like that, but I didn't have no—

Mr. HALLEY. Do you know Tony Accardo?

Mr. PATTON. His name was Batters when I knew him.

Mr. HALLEY. Joe Batters?

Mr. PATTON. Yes, sir; that is what I know him by.

Mr. HALLEY. By the way, do you know Fuller Warren?

Mr. PATTON. Sure.

Mr. HALLEY. Pretty well?

Mr. PATTON. Well, I know him enough to talk to him and say hello to him.

Mr. HALLEY. You have been out with him socially?

Mr. PATTON. Oh, before he was elected; yes.

Mr. HALLEY. More than once?

Mr. PATTON. I guess so; yes. He had been in the party, maybe, in Jacksonville, or some place where he would come in and sit down at dinner or we would have a dinner some place.

Mr. HALLEY. Are you pretty friendly with John Rush?

Mr. PATTON. I know John Rush.

Mr. HALLEY. Has he represented you?

Mr. PATTON. No, I don't think he ever represented me.

Mr. HALLEY. You know him pretty well, don't you?

Mr. PATTON. I know him.

Mr. HALLEY. He works for Johnston's dog track?

Mr. PATTON. Yes, sir.

Mr. HALLEY. Is he also a pretty good friend of Fuller Warren?

Mr. PATTON. I guess they are friends; yes, I know they are.

Mr. HALLEY. How well do you know Joe Batters?

Mr. PATTON. Just to know that that was his name, Joe Batters, and sometimes if I would meet him I would forget what his name was.

Mr. HALLEY. How well did you know the Fischettis?

Mr. PATTON. Well, I knew them longer than I knew Batters, and I didn't know them any too good.

Mr. HALLEY. Was Batters in the gambling business?

Mr. PATTON. Not to my knowledge, until I seen it in the newspapers, now it looks that way.

Mr. HALLEY. What business was he in?

Mr. PATTON. I don't know what his business was, to be honest with you.

Mr. HALLEY. Did you know Guzik, Jack Guzik?

Mr. PATTON. Oh, sure, sure, sure.

Mr. HALLEY. Pretty well?

Mr. PATTON. I think I knew Guzik, yes, I knew him longer than I know the rest of them; yes.

Mr. HALLEY. Did you know what business he was in?

Mr. PATTON. Well, he was in trouble with the Government and went to jail.

Mr. HALLEY. You mean for income tax?

Mr. PATTON. For income tax, and alleged gambling, so, yes, I knew him.

Mr. HALLEY. Was he in the horse-race business with Accardo—Batters?

Mr. PATTON. In the what?

Mr. HALLEY. Booking business?

Mr. PATTON. I don't know whether he was or not. I have no way—

Mr. HALLEY. Did you ever know Harry Russell?

Mr. PATTON. Yes, sir.

Mr. HALLEY. When did you first meet him?

Mr. PATTON. Oh, I have known him off and on for 3, 4, 5 years.

Mr. HALLEY. Where did you meet him first?

Mr. PATTON. I couldn't tell you where I met him first. It might have been over in his restaurant. I don't—I couldn't tell you where I met him. It may be at the race track.

Mr. HALLEY. In what connection did you know Russell?

Mr. PATTON. I had no connections with him at all as far as business.

Mr. HALLEY. Were you ever together with Russell and Johnston, Bill Johnston, in a party?

Mr. PATTON. Unless at the dog track in Jacksonville.

Mr. HALLEY. Including the dog track?

Mr. PATTON. He might have been around—where we were sitting down at a table or something. He was always kidding around.

Mr. HALLEY. Who?

Mr. PATTON. Russell.

Mr. HALLEY. What do you mean when you say "he was always kidding around"?

Mr. PATTON. Well, he—you'd have to know Russell—

Mr. HALLEY. He wouldn't talk to me so I don't know him. [Laughter.]

Mr. PATTON. Well, I'll tell you. He is a nice Jewish boy.

Mr. HALLEY. I know.

Mr. PATTON. And he went and joined the Klu Klux Klan in Logansport, Ind., back in them days. An Irishman got him to join then so he'd get the names of the people who belong to it. So, now, that is the kind of a guy he is.

Mr. HALLEY. What do you mean when you say he was always fooling around.

Mr. PATTON. Well, he is—he'd come and give you—he'd be crazy about them dogs. That is all, I don't know, fooling around, just good-natured sort of a fellow. I had no business with him.

Mr. HALLEY. Just sociable?

Mr. PATTON. Yes.

Mr. HALLEY. Would you generally see him when Johnston was around or were you ever with him alone?

Mr. PATTON. He used to come down there sometimes every bit—every night, playing them dogs.

Mr. HALLEY. At Jacksonville?

Mr. PATTON. No, no, no. At Miami Beach,

Mr. HALLEY. At Miami?

Mr. PATTON. Yes. I never seen him here in Chicago. I never knew him in Chicago. I met him down there.

Mr. HALLEY. At the Miami Kennel Club?

Mr. PATTON. Yes.

Mr. HALLEY. You never saw him at Russell's Silver Bar here in Chicago?

Mr. PATTON. I don't think so. I think it was later, after I knew him, that I went to the bar.

Mr. HALLEY. You got to know him pretty well down at the dog track, is that it?

Mr. PATTON. Well, I met hundreds of others.

Mr. HALLEY. But you'd see him as you say, almost every night?

Mr. PATTON. I presume pretty near every night. I wouldn't say—at least three nights a week or four nights. He is a pretty good customer for a track.

Mr. HALLEY. Was Bill Johnston usually around, too?

Mr. PATTON. No. Bill Johnston didn't average over one night a week or two nights a week there. I don't think he averaged that much.

Mr. HALLEY. And on occasion you and Russell and Johnston would sit down and have a drink or go——

Mr. PATTON. No, no; you ain't putting Russell and Johnston and me together at all. [Laughter.] Because I don't think he was with us. I might be there and he might not.

Mr. HALLEY. Let's get it straight.

Mr. PATTON. Generally we stood up to the bar and had it.

Mr. HALLEY. Frankly, I think I am putting you fellows together, so if I am not let's get it perfectly clear.

Mr. PATTON. Then we understand each other.

Mr. HALLEY. You'd see each other around the track, you might stand at the bar and have a drink; is that right?

Mr. PATTON. We may have; yes.

Mr. HALLEY. Any other dealings?

Mr. PATTON. I don't—no, I don't remember——

Mr. HALLEY. Did you ever talk about Russell's business as a bookie?

Mr. PATTON. I don't know whether I did or not.

Mr. HALLEY. Is it possible?

Mr. PATTON. Because I don't know anything about a bookie's business.

Mr. HALLEY. Do you know this fellow "Bing" Crosby, the Governor's investigator down in Florida?

Mr. PATTON. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. PATTON. Well, I didn't know him much until I think after he got—I never knew him before he got appointed, so after he came down there—I am trying to figure out when he got appointed.

Mr. HALLEY. Who introduced you to Crosby?

Mr. PATTON. I don't know.

Mr. HALLEY. He is a pleasant enough fellow?

Mr. PATTON. Pleasant sort of a fellow.

Mr. HALLEY. But he wasn't investigating you? I mean, you knew him socially?

Mr. PATTON. Yes.

Mr. HALLEY. Who introduced you to him?

Mr. PATTON. Gosh, I don't know who did.

Mr. HALLEY. As I recall the testimony he was Johnston's friend, is that how you happen to know him?

Mr. PATTON. No; I understand that he was investigator for the Governor, and he wasn't investigating us. He was down investigating a gambling——

Mr. HALLEY. The S. & G. Syndicate?

Mr. PATTON. I don't know whether it is S. & G. or who they were.

Mr. HALLEY. In any event, he was down there investigating gambling houses; is that right?

Mr. PATTON. Yes.

Mr. HALLEY. Well, we already have testimony that in addition to your knowing him, Johnston knew him and Russell knew him.

Mr. PATTON. Oh, I suppose they did.

Mr. HALLEY. Well, did you ever see him with Johnston or with Russell?

Mr. PATTON. I presume that he was down there when Russell was there and Johnston was there. I seen him around.

Mr. HALLEY. You mean at the dog track?

Mr. PATTON. I couldn't say—to stand up here—to sit down here and tell you that they were actually there, but he was there a lot of times. He'd come out down there and stay 3 or 4 days or a week and he'd be over at the race track. He was kind of a little screwy on the dogs, too.

Mr. HALLEY. He wasn't the right man to be an investigator of gambling, then, was he?

Mr. PATTON. Well, that is legal.

Mr. HALLEY. In any event, you knew him?

Mr. PATTON. Yes.

Mr. HALLEY. And the dog track was a sort of a meeting place?

Mr. PATTON. Yes.

Mr. HALLEY. Now, without pussyfooting up to the subject any more, because you have been pretty frank, what I am really trying to find out about, if it is possible, is this coincidence we seem to have come up against of this man Crosby just investigating the books of the S. & G. Syndicate and the wire service down in Miami going off, then Harry Russell suddenly turning up in the S. & G. Syndicate and then it turning out that Accardo and Guzik have a piece of Russell. Can you help us out on that?

Mr. PATTON. No, I don't—I didn't know one of the S. & G. Syndicate until yesterday. I got acquainted with one of them.

Mr. HALLEY. Well, I think you have been pretty frank. In fact, Mr. Patton, you almost make me sorry I had so much trouble finding you. I think you have pretty well made up for it.

Mr. PATTON. Thank you. Thank you. We get along all right.

Mr. HALLEY. Let's see if we can work it a little further along, and maybe really be helpful.

Did you know Paul Ricca?

Mr. PATTON. Yes, sir.

Mr. HALLEY. How long have you known Paul Ricca?

Mr. PATTON. Maybe 15 or 20 years. I am just guessing. It may be more or it may be less.

Mr. HALLEY. He also was a pretty close associate of Capone, wasn't he?

Mr. PATTON. I don't know. I have seen him around Capone. But, I have seen a million—I have seen a lot of people around him.

Mr. HALLEY. You know Louis Campagna?

Mr. PATTON. Yes.

Mr. HALLEY. "Little New York" I think they call him?

Mr. PATTON. Yes.

Mr. HALLEY. You have known him about the same length of time?

Mr. PATTON. Yes. Look how many I met outside, out here for the last 3 days, that I have been out there.

Mr. HALLEY. Like a gathering of the clan?

Mr. PATTON. I don't know where you got all of them guys.

Mr. HALLEY. All of your old friends?

Mr. PATTON. They weren't my old friends. They are all new ones.

You start asking me and I will have to tell you a lot of new ones. All I got is their names.

Mr. HALLEY. You are a friendly fellow, Mr. Patton, but, tell me, how about Ricca and Campagna, how did you get to know them 15 or 20 years ago?

MR. PATTON. Well, I think Ricca at one time, I think he used to take a lot of bets, laid bets, at bookmakers. I think he was interested in that. I don't know who was with him in it. I think that is what Ricca did.

MR. HALLEY. Did you do a lot of betting?

MR. PATTON. No. I have never made a bet on a horse in my life. If there were three or four people sitting here, say, "Put a dollar on a bet with you," I would bet a dollar. I don't know how to read a racing form.

MR. HALLEY. How did you get to know them?

MR. PATTON. I don't know how I got to know them. Twenty years ago, if I asked how you got to know someone——

MR. HALLEY. You knew a lot of gamblers, that is the point.

MR. PATTON. Yes, I had a little saloon at one time.

MR. HALLEY. Do you know Charlie Gioe?

MR. PATTON. Yes.

MR. HALLEY. He was in the business when they were in partnership?

MR. PATTON. I don't know. I never knew that. By gosh, a fellow told me today about it, out there, about having——

MR. HALLEY. You didn't know they were all partners?

MR. PATTON. No; I did not.

MR. HALLEY. You knew them all?

MR. PATTON. I wouldn't say that. I knew who they were.

MR. HALLEY. You knew Gioe?

MR. PATTON. Yes.

MR. HALLEY. But at that time you didn't know Russell, 5 or 6 years ago?

MR. PATTON. I don't think I did.

MR. HALLEY. You did know Guzik and Accardo?

MR. PATTON. Yes.

MR. HALLEY. How well do you know Hugo Bennett?

MR. PATTON. Oh, he has worked for the track—I don't know—quite a while. Ever since he worked there. I don't know how many years he has worked there. I don't know how many years. I think about 15, 16 years, I know the boy.

MR. HALLEY. What has he been, a bookkeeper?

MR. PATTON. Yes.

MR. HALLEY. He has never had any interest in the track except maybe a few shares, is that right?

MR. PATTON. That is about all Bennett has had.

MR. HALLEY. He has been a working lad?

MR. PATTON. He has been a working lad. He would be down there at 8 or 9 in the morning and he would be there at 1 at night if you needed him.

MR. HALLEY. In recent years, though, his salary has been fairly substantial, is that right?

MR. PATTON. Yes.

MR. HALLEY. Did you ever lend any money to Bennett?

MR. PATTON. Yes.

MR. HALLEY. When did you lend money to Bennett?

MR. PATTON. I think it was the first or second year he was down there. He was talking of building a house and I said——

MR. HALLEY. Down in Florida?

Mr. PATTON. Yes. I said, why don't you go ahead and build it, and he said, "Oh, I got no money." I said, "I will give you some money." I lent him some money—I don't know how much it was, and I don't know whether he ever gave me a mortgage. I believe he came around with a mortgage and give it to me or something, and I said, "you keep it, so if you don't pay it, I will have it." I know I never got anything, but I think he put a mortgage on his house for me.

Mr. HALLEY. Did he pay you back?

Mr. PATTON. Oh, yes; sure.

Mr. HALLEY. Did you make any other loans to him?

Mr. PATTON. I don't know. That is the only loan I remember right now. If he wanted some money, I would loan it to him.

Mr. HALLEY. Where do you think he would get \$80,000 to lend Ricca?

Mr. PATTON. Well, I know where he got \$40,000 or something of it. He got it from Bill Johnston and Silverberg. I know that from just reading it.

Mr. HALLEY. Where did he get the rest, do you know?

Mr. PATTON. He should have it from the money that he made and he had a little stock. In a land deal he made some money on that. How much it was, I don't remember.

Mr. HALLEY. Silverberg was the fellow who had the restaurant concession at the track?

Mr. PATTON. Yes, sir.

Mr. HALLEY. Can you think of any relation between Hugo Bennett and Ricca?

Mr. PATTON. I wouldn't know of any relation, no.

Mr. HALLEY. As a result of which Bennett should lend Ricca \$80,000?

Mr. PATTON. I wouldn't know; no, sir.

Mr. HALLEY. Ricca was a pretty wealthy man, wasn't he?

Mr. PATTON. I imagine he is, sure.

Mr. HALLEY. I think he testified at that time he had several hundred thousand dollars in cash?

Mr. PATTON. Of course, I would lend Ricca that money on that farm. That is a good investment.

Mr. HALLEY. Would you lend \$80,000 to a man who you knew had a few hundred thousand in cash already? Wouldn't you wonder what he wanted it for?

Mr. PATTON. If I wanted the farm, I would loan him the \$80,000.

Mr. HALLEY. If you wanted the farm?

Mr. PATTON. Yes.

Mr. HALLEY. Would you lend it to him if it meant taking all the money you had in the world except for about \$3,000 and then borrowing another \$40,000?

Mr. PATTON. I never did that, you know.

Mr. HALLEY. You wouldn't do that?

Mr. PATTON. No, no, not me.

Mr. HALLEY. Well, you know all these people. How do you put it together?

Mr. PATTON. I don't try to put it together; I will be honest with you. Maybe that is why I am——

Mr. HALLEY. Why you are alive?

Mr. PATTON. No, no; now, don't be nasty.

Mr. HALLEY. I am sorry. That was uncalled for. But why don't you try to put it together?

Mr. PATTON. You see so many strange things in this world, so I just let it go by. It is none of my business.

Mr. HALLEY. Do you know anything about the business of Tony Accardo today?

Mr. PATTON. No, sir, I do not. I haven't seen Tony Accardo in 4, 5, or 6 years, I don't think.

Mr. HALLEY. When did you last see him?

Mr. PATTON. I just got done saying. It is 6 or 7 years ago, I guess. I don't know where that was. I think it was at a funeral.

Mr. HALLEY. Whose funeral was that?

Mr. PATTON. I think it was Mr. Mitto's funeral. I am not sure, but it was some funeral anyhow. You know, it might have been somebody else's funeral. It was 5 or 6 years ago.

Mr. HALLEY. Do you know any of the partners in the S. & G. Syndicate?

Mr. PATTON. I just met one of them, this Friedman. That is the first one I knew, and I just met him and their lawyer out there in the room, waiting.

Mr. HALLEY. Did you know them down in Florida?

Mr. PATTON. No, sir; I didn't know any of them.

Mr. HALLEY. Did you know Raymond Crane in Miami?

Mr. PATTON. No, sir; I do not.

Mr. HALLEY. Or Sheriff Sullivan down there?

Mr. PATTON. I met Sullivan once or twice when I was running Tropical, and I don't think he was sheriff then.

Mr. HALLEY. Thank you, Mr. Patton. I have no other questions.

The CHAIRMAN. Do you have any, Mr. Robinson?

Mr. ROBINSON. No questions.

The CHAIRMAN. Mr. Patton, during the time you were the mayor of Burnham, it had the reputation of being fairly wide open out there?

Mr. PATTON. Correct.

The CHAIRMAN. You mean you encouraged—

Mr. PATTON. I can tell it to you in a few minutes.

The CHAIRMAN. Well, tell us about it.

Mr. PATTON. I think it was Thompson came along and closed the saloons on Sunday here in Chicago. I am not sure—yes; I think it was Thompson, and he closed the bars at 12 o'clock at night. We let the bars run all night out there in Burnham. We let the bars run on Sunday, and they tried to force us to close them. They got no place; we kept them open.

The CHAIRMAN. You just refused to close them?

Mr. PATTON. Well, they wasn't allowed to close them, so why should we close them if we didn't want to?

The CHAIRMAN. Who tried to make you close them—Mayor Thompson?

Mr. PATTON. No.

The CHAIRMAN. You mean the church people got—

Mr. PATTON. No; we didn't have no churches in Burnham.

The CHAIRMAN. How large a city is Burnham?

Mr. PATTON. About 1,500, 2,000.

The CHAIRMAN. But you didn't have any churches there at all?

Mr. PATTON. No. We got two now, a Holy Roller and a Catholic Church.

The CHAIRMAN. Is it still wide open out there?

Mr. PATTON. No.

The CHAIRMAN. Closed up.

Well, you rather encouraged keeping the saloons open all night and Sunday and gambling institutions?

Mr. PATTON. No, I think there were only one gambling place out there and that didn't amount to anything, and I don't know much about it, I will be honest with you.

The CHAIRMAN. Anyway, if they wanted to gamble or anything they wanted to do, it was all right with you?

Mr. PATTON. Oh, anything within reason.

The CHAIRMAN. Just so it wouldn't get too big?

Mr. PATTON. Yes.

The CHAIRMAN. Well, is that where you would meet all of these fellows you are talking about, Lucia, Capone?

Mr. PATTON. No, I don't think I would meet them around there.

The CHAIRMAN. Well, they would come out to Burnham, wouldn't they, occasionally?

Mr. PATTON. I think when Burnham was wide open, I think that was before their time; that was back in '14, before the first war.

The CHAIRMAN. Didn't it remain pretty well wide open as long as you were president out there?

Mr. PATTON. No, no, it folded up the last 15 years, 10 years.

The CHAIRMAN. You had a saloon or a bar yourself quite a while, didn't you?

Mr. PATTON. I had a bar, yes. I had an interest in it, yes.

The CHAIRMAN. How long did you have that?

Mr. PATTON. Oh, that is 20 years ago, 25 years ago.

The CHAIRMAN. Did you have it over a period of several years?

Mr. PATTON. Yes.

The CHAIRMAN. What did that job pay you as president of the council, whatever it was?

Mr. PATTON. \$50 a year.

The CHAIRMAN. That wasn't your principal source of income, apparently.

Mr. PATTON. Apparently it wasn't.

The CHAIRMAN. Now, in connection with the Tropical Park in Florida, did you meet Erickson first or did you meet Allenberg first, do you know?

Mr. PATTON. I think I met Erickson first, or maybe I met the two of them together.

The CHAIRMAN. Do you know who it was brought Erickson to see you?

Mr. PATTON. More than likely Allenberg brought Erickson right along with him.

The CHAIRMAN. Tell us again who the partners were that had an interest in Tropical Park when you had your interest? There was Erickson?

Mr. PATTON. Erickson, and a Madden.

The CHAIRMAN. Where was he from?

Mr. PATTON. New York.

The CHAIRMAN. Do you know what his first name is?

Mr. PATTON. No, I don't. Bill Dwyer.

The CHAIRMAN. Bill——

Mr. PATTON. Dwyer.

The CHAIRMAN. How do you spell Dwyer?

Mr. PATTON. You will have to get somebody else.

The CHAIRMAN. Dwyer. What did he do?

Mr. PATTON. Well, he had race tracks in Massachusetts. I don't know, I think he had a race track, he had a race track down in Kentucky, and he brought the hockey outfit into—he had the hockey in New York, and I don't know——

The CHAIRMAN. Was he in the liquor business, too?

Mr. PATTON. I guess he was one of the big boys up there.

The CHAIRMAN. What did Madden do?

Mr. PATTON. He was an ex-bootlegger, I think.

The CHAIRMAN. What did you think about going in business with these ex-bootleggers? Did it make any difference?

Mr. PATTON. It don't bother me any because I thought I could make some money with it. There were three businessmen in Miami that were tied up; one was president, and secretary.

The CHAIRMAN. Who else was in that?

Mr. PATTON. Langford, a fellow by the name of Langford, a big insurance man down in Miami.

The CHAIRMAN. He was in Tropical Park?

Mr. PATTON. Yes. And what is the fellow, the head of the Gulf-stream down there now, Jimmie Dunne, he was one of the main fellows.

The CHAIRMAN. But Allenberg and Erickson actually operated Tropical Park, didn't they?

Mr. PATTON. Until I got in.

The CHAIRMAN. Allenberg was the comptroller, isn't that what he was called?

Mr. PATTON. He called himself that so they could pay him a salary, I guess.

The CHAIRMAN. They paid him \$10,000 a year?

Mr. PATTON. Yes, sir.

The CHAIRMAN. Then when you got in you took over?

Mr. PATTON. Yes.

The CHAIRMAN. Did you relieve Allenberg of his job?

Mr. PATTON. No, I kept Allenberg on the job.

The CHAIRMAN. But Erickson didn't run it anymore?

Mr. PATTON. No. And Erickson backed me up on everything I did, and we paid off our mortgage in 2 years or 3 years, and started paying dividends.

The CHAIRMAN. And then who did you sell out to, did you say, when you sold out Tropical Park, or your interest in it?

Mr. PATTON. To the people that has the tote boards in the country here. This gentleman knows them.

The CHAIRMAN. Who is that?

Mr. HALLEY. I don't know the name.

The CHAIRMAN. You don't remember the name?

Mr. PATTON. Strauss.

Mr. HALLEY. Strauss.

Mr. PATTON. Strauss is one of them. Wasn't Strauss the one who got killed?

Mr. McCORMICK. Yes.

Mr. PATTON. Then he has got two Englishmen with him. Who are they?

The CHAIRMAN. Did you make a profit out of your investment?

Mr. PATTON. Yes.

The CHAIRMAN. Did Erickson sell his interest at that time, too?

Mr. PATTON. Yes, sir.

The CHAIRMAN. Do you know whether Erickson represented other people in his investment at Tropical Park?

Mr. PATTON. No, I think Erickson represented himself.

The CHAIRMAN. Did you know at that time about his other operations in Florida?

Mr. PATTON. About gambling?

The CHAIRMAN. Yes, about his bookie operations, and his interest in the Colonial Inn—or what is that?

Mr. PATTON. I heard that he had some interest. I knew he was a gambler, but that is where he was.

The CHAIRMAN. Did you have any law enforcement out at Burnham?

Mr. PATTON. Yes, sir.

The CHAIRMAN. How many policemen did you have?

Mr. PATTON. One.

The CHAIRMAN. One?

Mr. PATTON. Yes.

The CHAIRMAN. And you are worth a substantial amount of money now, in cash and stock and bonds?

Mr. PATTON. Oh, I got a little bit.

The CHAIRMAN. Half a million dollars—or a million?

Mr. PATTON. Now, don't put me in that high, or you will have everybody calling me and hunting for me.

The CHAIRMAN. Wanting you to donate?

Mr. PATTON. My lawyer told me not to tell you how much money I had.

The CHAIRMAN. I am not going to press the matter.

Mr. PATTON. All right.

The CHAIRMAN. Thank you very much, Mr. Patton.

Mr. PATTON. Thank you.

Mr. ROBINSON. I have some questions.

The CHAIRMAN. Mr. Robinson.

Mr. PATTON. I thought it was over with.

Mr. ROBINSON. Did you know Sonny Sheets?

Mr. PATTON. Yes, sir.

Mr. ROBINSON. How long have you known him?

Mr. PATTON. Oh, maybe 40 years.

Mr. ROBINSON. Is he one of your closest friends?

Mr. PATTON. Well, I think Sonny—I would do anything for Sonny, and I think he would do it for me; yes.

Mr. ROBINSON. What business is he in?

Mr. PATTON. He is a farmer.

Mr. ROBINSON. Has he ever been in any other business?

Mr. PATTON. Well, now, I don't know. I couldn't say right out that he was, but I have read in the papers that he was.

Mr. ROBINSON. Well, you knew he operated a place called the Big House?

Mr. PATTON. It is alleged that he did.

Mr. ROBINSON. You know that, don't you?

Mr. PATTON. I tell you, I see it in the newspapers.

Mr. ROBINSON. Weren't you a very intimate friend of Mr. Sheets?

Mr. PATTON. Yes, yes; I met him.

Mr. ROBINSON. And you don't know——

Mr. PATTON. I didn't say I didn't know. I said the newspapers said it. I never was in the Big House.

Mr. ROBINSON. In your conversation with him, didn't you learn he did have an interest in that place?

The CHAIRMAN. Is that the man that had DeLucia's farm?

Mr. PATTON. No, no; that is his nephew had it. Sheets is a real farmer.

Mr. ROBINSON. He had a real Big House, too, didn't he?

Mr. PATTON. Sir? On the farm; yes.

Mr. ROBINSON. Where he maintained a gambling establishment? (No answer.)

Mr. ROBINSON. Well, you know that, don't you?

Mr. PATTON. Well, the papers say it; yes. I don't know. I never seen the house, or I don't think Sheets ever told it to me.

Mr. ROBINSON. Who ran the roadhouse?

Mr. PATTON. I could have, if I could have ducked you fellows, I could have went in and had my eye fixed up, but I didn't want to——

The CHAIRMAN. You can get them fixed up this afternoon.

Mr. PATTON. No, no; I have got one of those; what do you call them?

Mr. HALLEY. Cataract?

Mr. PATTON. Yes; I have. That is why the lights burned me. I am not fooling you.

Mr. ROBINSON. Why did you sell your interest in the track after Mr. O'Hare's death? Was it a profitable one?

Mr. PATTON. Well, I have to be careful I don't give these fellows the same answer I gave you. What was it I said?

Mr. ROBINSON. What you said was that you did not like the atmosphere around there.

Mr. PATTON. That is it; that is it. I don't know. I just wanted to get out of it.

Mr. ROBINSON. It was a profitable venture, wasn't it?

Mr. PATTON. It was getting profitable. I just wanted to get out of it. That is on the square.

The CHAIRMAN. What was the atmosphere you did not like?

Mr. PATTON. I said that to him, and he kept digging at me, and I have been laughing all the time. I didn't know what it was. I just wanted to get rid of it.

The CHAIRMAN. You mean it was not a healthy atmosphere, or what was it?

Mr. PATTON. Oh, I wouldn't say it that way. I never carried a gun in my life. I never had to carry a gun, or anything.

The CHAIRMAN. You were not worried about you carrying a gun, but you were worrying about the other fellows carrying guns?

Mr. PATTON. That doesn't bother me. No one ever bothered me. I always figure if you do right, nobody bothers you.

The CHAIRMAN. That is right; that is true—we hope.

Go ahead, Mr. Robinson.

Mr. ROBINSON. Didn't you also state at the same time that someone might be looking for you in connection with the atmosphere not being too healthy?

Mr. PATTON. Oh, I don't think I said that, did I?

Mr. ROBINSON. You don't recall that?

Mr. PATTON. No; I don't. I don't think so. I never feared anything.

Mr. ROBINSON. You never noticed any friction between the two of them?

Mr. PATTON. No; I did not.

Mr. ROBINSON. Who ran the roadhouses in Burnham when you were mayor?

Mr. PATTON. Jim Colosimo, Ike Bloom, and a fellow by the name of Reynolds.

Mr. ROBINSON. And did they run a gambling establishment?

Mr. PATTON. I don't think they did.

Mr. ROBINSON. Did they also conduct houses of prostitution?

Mr. PATTON. Not to my knowledge.

Mr. ROBINSON. Did you ever investigate to find out?

Mr. PATTON. Yes, sir.

Mr. ROBINSON. And never found any gambling there?

Mr. PATTON. I don't say I didn't find gambling there, now.

Mr. ROBINSON. What did you do?

Mr. PATTON. Told them to cut it out.

Mr. ROBINSON. And did they cut it out?

Mr. PATTON. As far as I know; yes.

Of course, if a fellow got—if you fellows were running around together, and was handling business together, and one got killed, and you don't know where it is coming from, you would look around a few bushes every time you went out, wouldn't you?

Mr. ROBINSON. Weren't you much closer to Mr. Nitti than you were to O'Hare?

Mr. PATTON. No, I was at Eddie O'Hare—I was with Eddie O'Hare all the time in business, and we never had an argument or dispute, about money or anything.

Mr. ROBINSON. Wasn't there friction between Mr. Nitti and Mr. O'Hare?

Mr. PATTON. Not to my knowledge.

Mr. ROBINSON. Had you ever heard there was?

Mr. PATTON. No, sir.

Mr. ROBINSON. Never at any time?

Mr. PATTON. No, sir.

Mr. ROBINSON. When they were in the office together, did they speak to each other?

Mr. PATTON. Always in my presence, I think.

Mr. ROBINSON. That is all.

The CHAIRMAN. All right, Mr. Patton. We will see you again some time.

Mr. PATTON. I hope not.

(Witness excused.)

The CHAIRMAN. Let's call Mr. Bennett, but first we will have a 10-minute recess.

(Recess.)

The CHAIRMAN. Mr. Kerner, the district attorney, has just told me a matter the press—I don't know whether you have it or not—might be interested in. Mr. Kerner.

Mr. KERNER. Ralph O'Hara was indicted by the grand jury, northern district of Illinois, on 17 counts for violation of section 193, title II, United States Code Annotated, which states that any person who is called before a committee and refuses to testify as to pertinent matter shall be guilty of a misdemeanor.

The CHAIRMAN. Mr. Bennett.

Mr. HALLEY. Hugo Bennett.

The CHAIRMAN. Do you solemn swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BENNETT. I do.

TESTIMONY OF HUGO BENNETT, MIAMI, FLA.

Mr. HALLEY. What is your name?

Mr. BENNETT. Hugo Bennett.

Mr. HALLEY. Have you been known by any other name?

Mr. BENNETT. Yes.

Mr. HALLEY. What is that?

Mr. BENNETT. Benvenuti.

Mr. HALLEY. Hugo Benvenuti?

Mr. BENNETT. Yes.

Mr. HALLEY. Are you related to the Benvenuti brothers who——

Mr. BENNETT. No relation whatsoever.

Mr. HALLEY (continuing). Have been mentioned here?

Mr. BENNETT. No relation whatsoever. Never even met them or know anything about them.

Mr. HALLEY. Mr. Bennett, you have testified at some length before this committee about two loans you made to Paul Ricca, is that right?

Mr. BENNETT. Correct.

Mr. HALLEY. In the amount of \$40,000 each?

Mr. BENNETT. Right.

Mr. HALLEY. And just briefly, to cover the major outline, the first \$40,000 loan was made at what time?

Mr. BENNETT. To the best of my recollection, about June of 1948.

Mr. HALLEY. And where did you get the \$40,000 for that loan?

Mr. BENNETT. Well, I borrowed \$20,000 from William Johnston and \$15,000 from Max Silverberg.

Mr. HALLEY. William Johnston, the owner of Sportsman's Park, or one of the owners?

Mr. BENNETT. Yes; stockholder.

Mr. HALLEY. And also of the Miami Kennel Club, is that right?

Mr. BENNETT. Right.

Mr. HALLEY. At both of those places you are the auditor.

Mr. BENNETT. Was.

Mr. HALLEY. What do you mean by "was"?

Mr. BENNETT. I have resigned my position at both places.

Mr. HALLEY. When did you resign?

Mr. BENNETT. About a month ago. About 2 weeks, I should say.

Mr. HALLEY. Then you made a second loan of \$40,000, that right?

Mr. BENNETT. Yes.

Mr. HALLEY. When did you make that second loan?

Mr. BENNETT. Some time in 1950, April or May, I believe. I don't remember exactly when.

Mr. HALLEY. Where did you get the money for the second loan?

Mr. BENNETT. It was my own money.

Mr. HALLEY. How did you earn it?

Mr. BENNETT. Well, I have been earning—making pretty fair earnings in past years, and I had one real-estate deal on which I made a profit of \$28,000.

Mr. HALLEY. When did you have that real-estate deal?

Mr. BENNETT. You mean when I first got into it?

Mr. HALLEY. Yes. Tell the committee about it.

Mr. BENNETT. Approximately 1944, I believe.

Mr. HALLEY. And when did you get out of it?

Mr. BENNETT. 1949.

Mr. HALLEY. And what was that real-estate deal?

Mr. BENNETT. I had a one twenty-fifth interest in the land on which the Miami Beach Kennel Club was located.

Mr. HALLEY. With a group of other people?

Mr. BENNETT. Yes.

Mr. HALLEY. And is that the land that you sold?

Mr. BENNETT. That is right.

Mr. HALLEY. And that is how you got the—

Mr. BENNETT. Everybody sold, incidentally. That was a deal that all those who had an interest in it sold at the same time.

Mr. HALLEY. And in that way you got how much money?

Mr. BENNETT. Well, I got my original investment plus the profit, which made it \$40,000.

Mr. HALLEY. That was a deal you were in with Bill Johnston, is that right?

Mr. BENNETT. He was one of them.

Mr. HALLEY. Now, who did you sell that land to?

Mr. BENNETT. Sold it to the corporation.

Mr. HALLEY. You sold it right back to the Miami Kennel Club?

Mr. BENNETT. That is right.

Mr. HALLEY. From whom had you bought it—from them?

Mr. BENNETT. No; we didn't buy it from the Miami Beach Kennel Club.

Mr. HALLEY. Who did you buy it from?

Mr. BENNETT. Bought it from the Edward H. O'Hare—Mr. O'Hare's son, the O'Hare estate.

Mr. HALLEY. Isn't that the estate that held most of the stock of the kennel club?

Mr. BENNETT. I don't remember whether the estate held any stock, but they did after O'Hare's death, naturally.

Mr. HALLEY. Isn't it a fact that you bought it from a corporation?

Mr. BENNETT. No.

Mr. HALLEY. The Ocean View Property, Inc.?

Mr. BENNETT. Well, that could be. But, the corporation was in the hands of the estate at the time, because Mr. O'Hare was about 90 percent owner of that, or more.

Mr. HALLEY. According to my records, you bought it on November 17, 1944.

Mr. BENNETT. That is right.

Mr. HALLEY. And that you bought it from the Ocean View Property, Inc.?

Mr. BENNETT. That is right.

Mr. HALLEY. That is the same land that was conveyed to the Ocean View Property, Inc., on May 18, 1931, by Edward J. O'Hare?

Mr. BENNETT. That is right; that could be.

Mr. HALLEY. And that the estate had no part in the conveyance to you of November 17, 1944?

Mr. BENNETT. Well, the deal was handled with the Northern Trust Co., who were executors of the estate. I didn't handle the deal myself.

Mr. HALLEY. The president of the Ocean View Property, Inc., was William H. Johnston, was it not?

Mr. BENNETT. No.

Mr. HALLEY. It so says.

Mr. BENNETT. It can't be; unless——

Mr. HALLEY. Do you have your deed?

Mr. BENNETT. Yes, I have a deed; I had a deed.

Mr. HALLEY. Your deed shows that the property was deeded to you by the Ocean View Property, Inc., by William H. Johnston, president?

Mr. BENNETT. Deeded to me?

Mr. HALLEY. Yes.

Mr. BENNETT. Well, there was some technicalities in the deal where there might have been a transfer of some kind, but there is nothing sinister about this deal. It was just an ordinary deal. Whatever was done was done for convenience.

Mr. HALLEY. You didn't mention the deal before when you were here last?

Mr. BENNETT. You didn't ask me.

Mr. HALLEY. We had a very definite impression that this was a deal where the land was sold to an outside interest?

Mr. BENNETT. I never said anything of the kind.

Mr. HALLEY. You left that definite impression, did you not?

Mr. BENNETT. No.

Mr. HALLEY. You were asked if there was a sale of land, and you said, "I had a 25 percent interest."

Mr. BENNETT. I said I had one twenty-fifth.

Mr. HALLEY. The record must be wrong.

Question. That was the deal you were in on with Bill Johnston and many others?

Answer. Yes.

Question. Was the whole land sold or just your part?

Answer. No, the whole parcel was sold.

Question. And everybody was paid their share?

Answer. Everybody was paid the same share.

Question. You got your share that way?

Answer. Yes, sir.

Mr. HALLEY. Now, the impression we had was that you had a bona fide deal involving the sale of land.

Mr. BENNETT. It was a bona fide deal.

Mr. HALLEY. At one point you said:

There was one deal I went in on several years ago, and it left me a \$28,000 profit.

Mr. BENNETT. That is right.

Mr. HALLEY. Actually you just sold that land right back to the kennel club?

Mr. BENNETT. That is correct.

Mr. HALLEY. So that if we looked for the source of your second \$40,000 loan, we get right back again to the Miami Beach Kennel Club, do we not?

Mr. BENNETT. I don't see why. This was strictly a personal transaction. I had a one twenty-fifth interest in a piece of land, and the land was sold to the Miami Beach Kennel Club. I don't see where the corporation enters into it.

Mr. HALLEY. Who were the owners of the land with you?

Mr. BENNETT. Mrs. Charles Bidwell.

Mr. HALLEY. Who was a stockholder in the Miami Beach Kennel Club?

Mr. BENNETT. Yes.

Mr. HALLEY. William H. Johnston and Ann E. Johnston, who were stockholders?

Mr. BENNETT. Right.

Mr. HALLEY. John R. Johnston and his wife, who were stockholders?

Mr. BENNETT. Right.

Mr. HALLEY. Carl T. Hoffman and Ann Hoffman, who were stockholders?

Mr. BENNETT. Yes.

Mr. HALLEY. Frank R. Anderson, who was a stockholder?

Mr. BENNETT. Right.

Mr. HALLEY. James J. Patton, who was a stockholder?

Mr. BENNETT. I don't know. I don't think so.

Mr. HALLEY. Well, his brother, John Patton, Jr., was, is that right?

Mr. BENNETT. I don't think so. I don't think either one of them.

Mr. HALLEY. Then the father, John Patton?

Mr. BENNETT. He may have been; I don't know.

Mr. HALLEY. They each had two twenty-fifths. Do you think they were sharing the father's right to get into this deal?

Mr. BENNETT. I don't think so. I think the Patton boys are on their own.

Mr. HALLEY. And John Rush, one twenty-fifth?

Mr. BENNETT. Possibly; whatever the record shows.

Mr. HALLEY. And Annette Cavaretta, who was O'Hare's secretary?

Mr. BENNETT. Yes.

Mr. HALLEY. Two twenty-fifths; is that right?

Mr. BENNETT. That is right.

Mr. HALLEY. So it was all right in the family?

Mr. BENNETT. If you want to call it that.

Mr. HALLEY. Well, what do you call it? You were all the stockholders or controlling stockholders of the Miami Beach Kennel Club; weren't you?

Mr. BENNETT. Yes; in that group. But we all acted as independent individuals.

Mr. HALLEY. In 1944 you bought some property and you paid how much for it altogether?

Mr. BENNETT. One twenty-fifth interest amounted to \$11,666; multiply by 25.

Mr. HALLEY. And you sold it back for a million?

Mr. BENNETT. Right.

Mr. HALLEY. The controlling stockholders of the company made a \$700,000 profit off of the corporation; is that right?

Mr. BENNETT. They made a \$750,000 profit; yes. It was an advantage to the corporation to have that land.

Mr. HALLEY. In what way?

Mr. BENNETT. Because we had a lease and we were getting money out of it anyway.

Mr. HALLEY. You had it on lease?

Mr. BENNETT. Yes.

Mr. HALLEY. From O'Hare?

Mr. BENNETT. No; we had it on lease from the original owners there.

Mr. HALLEY. Who were the original owners?

Mr. BENNETT. I mean the ones you just mentioned.

Mr. HALLEY. Well, the owners in 1931 were a sister of O'Hare and her husband; is that right?

Mr. BENNETT. No; I think that was just—when he incorporated, like all corporations, they generally used a couple of people for convenience, and I think O'Hare used his sister, but actually it was O'Hare's, and when he died the stock was in O'Hare's name.

Mr. HALLEY. That is not quite right.

Mr. BENNETT. I think it was.

Mr. HALLEY. In 1939 Mr. O'Hare deeded it to a corporation.

Mr. BENNETT. Oh, yes; that is right, but O'Hare owned 90 percent of the stock of that corporation, approximately 90 percent or more.

Mr. HALLEY. Then that corporation in 1944 sold the stock to this small group of stockholders of the kennel club; is that right?

Mr. BENNETT. That is right.

Mr. HALLEY. And then in 1949 you sold it back to the kennel club; all of you?

Mr. BENNETT. That is right.

Mr. HALLEY. Making between you a \$700,000 profit?

Mr. BENNETT. That is right.

Mr. HALLEY. Your profit was about \$30,000?

Mr. BENNETT. About \$28,000.

Mr. HALLEY. One twenty-fifth of the total?

Mr. BENNETT. That is right.

Mr. HALLEY. Was the sale back to the kennel club the result of the need to find some cash in order to make a loan to Ricca?

Mr. BENNETT. I should say not. There were 25 other people—there were other people involved in this deal.

Mr. HALLEY. As it worked out, they profited quite well by it.

Mr. BENNETT. Well, then, that must have been the purpose of selling it.

Mr. HALLEY. Were the other stockholders of the kennel club advised that they were paying a million dollars to their controlling stockholders?

Mr. BENNETT. Not their controlling stockholders—

Mr. HALLEY. What they had bought for \$300,000 5 years previous?

Mr. BENNETT. I presume they were.

Mr. HALLEY. You ought to know, you were the auditor.

Mr. BENNETT. I presume they were, but I wasn't an officer and director, and I think that was something handled by the officers and directors.

Mr. HALLEY. To get back to the subject matter in which this committee is interested, the loan to Ricca. It now appears that the first loan was financed to the extent of—what was it, \$35,000—by Johnston?

Mr. BENNETT. That is right.

Mr. HALLEY. And Silverberg, and that the second loan, it was paid for by you?

Mr. BENNETT. That is right.

Mr. HALLEY. Was made possible because of your profit of \$28,000?

Mr. BENNETT. I don't think that has anything to do with it.

Mr. HALLEY. As a matter of fact, when you add to your profit of \$28,000, the return of your original investment of \$11,500, you get exactly the \$40,000 that went to Ricca, isn't that right?

Mr. BENNETT. Just a coincidence.

Mr. HALLEY. Just a coincidence in arithmetic?

Mr. BENNETT. Just coincidence, yes.

Mr. HALLEY. But it does add up?

Mr. BENNETT. There were other people involved in this deal. Surely you don't think they made this deal for my convenience?

Mr. HALLEY. What did you pay on November 17, 1944, when you purchased the property? You paid \$11,666?

Mr. BENNETT. Eleven thousand six hundred and sixty-six dollars and sixty-six cents.

Mr. HALLEY. For your share?

Mr. BENNETT. That is right.

Mr. HALLEY. Where did you get that money?

Mr. BENNETT. Five thousand dollars of that Mr. Silverberg loaned me, and I borrowed \$2,500 from a friend of mine at that time.

Mr. HALLEY. Who was the friend who gave you the \$2,500?

Mr. BENNETT. It doesn't mean anything to anybody. Do have to mention his name?

Mr. HALLEY. I think under the circumstances we had better have it.

Mr. BENNETT. Mr. Charles M. Furlong. I just didn't want to bring his name—

Mr. HALLEY. I didn't hear you.

Mr. BENNETT. I didn't want to have his name aired in public.

Mr. HALLEY. I didn't hear his name.

Mr. BENNETT. Furlong.

The CHAIRMAN. Charles M. Furlong.

Mr. HALLEY. Where did you get the remaining amount?

Mr. BENNETT. I had some money of my own.

Mr. HALLEY. That was your own money?

Mr. BENNETT. That is right.

Mr. HALLEY. Did you pay back Silverberg the \$5,000?

Mr. BENNETT. Yes, I did.

Mr. HALLEY. I think you referred in your testimony to the committee on one previous occasion you borrowed \$5,000 from Silverberg?

Mr. BENNETT. That is it.

Mr. HALLEY. And that he didn't want to have any security?

Mr. BENNETT. That is right.

Mr. HALLEY. And he knew about the deal?

Mr. BENNETT. I don't even remember whether I told him what the deal was.

Mr. HALLEY. No further questions.

The CHAIRMAN. Mr. Robinson?

Mr. ROBINSON. No questions.

The CHAIRMAN. Has Mr. DeLucia paid you back any of this money yet?

Mr. BENNETT. No; he hasn't.

The CHAIRMAN. All right, that is all, Mr. Bennett, thank you, sir. (Witness excused.)

The CHAIRMAN. Who is next?

Mr. HALLEY. Mr. Johnston.

The CHAIRMAN. Come around, Mr. Johnston. Glad to see you again, sir.

Mr. JOHNSTON. Glad to see you, and you, Mr. Halley.

Mr. HALLEY. Hello, Mr. Johnston.

The CHAIRMAN. Will you raise your right hand and be sworn, please? Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. JOHNSTON. I do.

TESTIMONY OF WILLIAM H. JOHNSTON, CHICAGO, ILL., AND MIAMI, FLA.

The CHAIRMAN. We have been over Mr. Johnston's testimony very fully in Washington, in open session, and I think there are some particular matters you want to go into now?

Mr. HALLEY. Yes. We will start where we left off and not go over all the ground again.

Mr. JOHNSTON. All right.

Mr. HALLEY. What can you tell the committee about this Ricca loan?

Mr. JOHNSTON. I knew nothing about the loan whatsoever, other than the money I gave to Mr. Bennett, I loaned Mr. Bennett.

Mr. HALLEY. Did he tell you what it was for?

Mr. JOHNSTON. No, sir; he didn't. He wouldn't tell me.

Mr. HALLEY. Did you ask him?

Mr. JOHNSTON. I did in this way: He wanted to borrow \$10,000 from me, and I asked him what it was for. He said he was going into business and he wanted it. I said, "Well, can I get in on it?" He said, "Well, you wouldn't be interested much in it."

And I wanted to know, I said, "Do you know what you are doing?" He said, "Yes." So I said, "All right," and give it to him.

Mr. HALLEY. Had you ever known Ricca before?

Mr. JOHNSTON. Never seen him. I haven't seen him yet.

Mr. HALLEY. You have been very close to John Patton for many years, haven't you?

Mr. JOHNSTON. Yes, sir.

Mr. HALLEY. Did he ever mention to you that he knew Ricca?

Mr. JOHNSTON. I never discussed Ricca with John Patton.

Mr. HALLEY. Never had any talk about Ricca whatsoever?

Mr. JOHNSTON. No talk whatsoever.

Mr. HALLEY. This loan was made in 1948, and then in 1949, of course, it came at a time when certain things were happening in the State of Florida.

This was with respect to the wire service and, naturally, the committee is very much interested in knowing if it is just a coincidence.

Mr. JOHNSTON. Well, it is just a coincidence. I think it was in 1948, at the race track in Chicago, when he first asked me for it, and I gave him a check.

Mr. HALLEY. I am sure the chairman will correct me if I am wrong, but as I recall it, Mr. Bennett testified when he appeared before the committee at the last session that he had no particular friendship with Ricca; he has known him since he was a child, but Ricca had been a friend of his father, in a way, and that he saw him perhaps once year. We all know that Bennett had no substantial assets.

Mr. JOHNSTON. I wonder if you couldn't put that light out. Do those lights have to stay on?

Mr. HALLEY. No.

Mr. JOHNSTON. They annoy me a little bit. I am sorry, gentlemen.

Mr. HALLEY. We have not been able to figure out why Bennett should have gone into debt to lend Ricca money.

Mr. JOHNSTON. Well, I don't know why he did it, either.

Mr. HALLEY. Well, we can see why you might have been willing to lend Ricca money, but we can't see why Bennett should want to.

Mr. JOHNSTON. I don't even know the man. I don't know why I would want to lend him money. I didn't know the man.

Mr. HALLEY. Well, you knew Harry Russell, of course?

Mr. JOHNSTON. Yes; I know Russell.

Mr. HALLEY. And John Patton?

Mr. JOHNSTON. Yes.

Mr. HALLEY. And Bing Crosby?

Mr. JOHNSTON. Yes.

Mr. HALLEY. And you were with Russell on and off during the period when Crosby was in Florida investigating the S. & G. book-making establishment?

Mr. JOHNSTON. I wouldn't put it that way.

Mr. HALLEY. Well, let's say you saw him on and off?

Mr. JOHNSTON. Yes; I'd see him at the race track.

Mr. HALLEY. And you'd also see Crosby?

Mr. JOHNSTON. Crosby would come to the race track when he was in that area, but not very often.

Mr. HALLEY. And you'd see Patton, too?

Mr. JOHNSTON. Yes. The fact of the matter is, there were five or six thousand people there every night, I saw.

Mr. HALLEY. And, of course, a question that has come up in our minds is whether there mightn't have been some connection between the fact that the Governor's investigator was, as you know, the testimony is today, taking Russell's tips on which bookmaking establishments to raid at the same time that the wire service obligingly turned off the current on the wires leading to the S. & G. books?

Mr. JOHNSTON. Mr. Halley, as far as I was concerned, if they closed up all the gambling in there, in that area, it would help my business. I had no interest in gambling whatsoever.

Mr. HALLEY. When we last talked you insisted that you couldn't be tied up in any way with the Capone gang.

Mr. JOHNSTON. That's correct.

Mr. HALLEY. In Chicago.

Mr. JOHNSTON. And I haven't been tied up yet.

Mr. HALLEY. Well, don't you think your very close associate, John Patton, ties up pretty closely with them?

Mr. JOHNSTON. I don't think so. He may have known some of them years ago, I but I don't think for the last 15 years John Patton has ever had anything to do with any of them, and while we are on that subject, you tied me in with the Capone gang while I was here the last time through some employees that worked at my race track.

Mr. HALLEY. Well, one would be Bob McCullough.

Mr. JOHNSTON. That's correct. Another was Leslie Shumway.

Mr. HALLEY. Yes. Another was Frank Nitti, who hung around a great deal?

Mr. JOHNSTON. Frank Nitti was never around the race track when I was there. Never seen him on the race track. Now, I want to get on this—

Mr. HALLEY. Well, he spent a great deal of time in the offices of your track?

Mr. JOHNSTON. Never since I have been there.

Mr. HALLEY. In fact, didn't he marry a young lady who was the wife of one of the officers of the track?

Mr. JOHNSTON. No.

Mr. HALLEY. Well, you go ahead on that while I check my notes.

Mr. JOHNSTON. Well, let me tell you this—

Mr. HALLEY. Nitti did that.

Mr. JOHNSTON. Since that time I have gone to these men that you accused of having these connections, and told them that they either had to get themselves cleaned up or they'd lose their jobs, and for your—

Mr. HALLEY. Well, you fired McCullough; didn't you?

Mr. JOHNSTON. Yes, sir; and for your information the United States Government has just sent word down there that I shouldn't let Shumway go, that Shumway is not a gangster, and no connections. Also, Davey Kine, another one you mentioned, was never indicted, and you said he was indicted.

Mr. HALLEY. Who?

Mr. JOHNSTON. Davey Kine. Never was in a courtroom in his life. His lawyer—he went and got a lawyer and came in and proved it to me.

Mr. HALLEY. Well, I'd have to go over that. At the time—

Mr. JOHNSTON. I don't know, but I am just bringing these points out.

Mr. HALLEY. At the time we last discussed this I had the records before me. I am certainly not going to sit here and say they are infallible, but we will go into that, of course.

Mr. JOHNSTON. That is true. You have been trying to convict me by association, and you know the American people repudiated that a long time ago.

Mr. HALLEY. Well, we are getting some pretty close associations here, now, Mr. Johnston. Didn't Nitti marry O'Hare's secretary?

Mr. JOHNSTON. That is correct.

Mr. HALLEY. And didn't she work around the track at Miami Beach a great deal?

Mr. JOHNSTON. That's correct.

Mr. HALLEY. And didn't he spend a lot of time in there?

Mr. JOHNSTON. I never seen him in there.

Mr. HALLEY. As a matter of fact, didn't he get into such disputes with the manager, Anderson, that Anderson had to quit?

Mr. JOHNSTON. No. The fact of the matter—when Anderson was in there I was never at that. I haven't been at Miami Beach only since 1945 or 1946.

Mr. HALLEY. Tell me, have you checked whether Nitti and Patton and McCullough were all arrested together back, as Patton just said, in a doctor's office or right across the street from the Hotel Lexington?

Mr. JOHNSTON. Have I checked it?

Mr. HALLEY. Yes.

Mr. JOHNSTON. No.

Mr. HALLEY. Well, I suggest you check that.

Mr. JOHNSTON. Well, the only reason is this. As far as me checking it, I was checking these employees that have been accused of having connections.

Mr. HALLEY. Now, we have just finished talking to Patton, and it would seem to us that if anybody connected with the Capone mob wanted to accomplish something in Florida they could probably get at least word to you through Patton. They certainly knew him well enough.

Well, let's get over to the loan. Was there any discussion prior to the sale of the property of the dog track which resulted in \$40,000 being paid over to Hugo Bennett?

Mr. JOHNSTON. A discussion about—

Mr. HALLEY. In 1949?

Mr. JOHNSTON. A discussion about what?

Mr. HALLEY. About whether or not Bennett would have the money to lend Ricca?

Mr. JOHNSTON. No. Bennett bought his interest in that property in 1943 or 1944, and we finally sold it in 1948 or 1949.

Mr. HALLEY. When you say you finally sold it, what do you mean?

Mr. JOHNSTON. We sold the property to the corporation.

Mr. HALLEY. Well, you could have sold it any time you wanted to. The people who sold it were the people who ran the corporation; weren't they?

Mr. JOHNSTON. Not necessarily. There were some in there that weren't.

Mr. HALLEY. The controlling stockholders of the Miami Beach Jockey Club were the people who formed the group that owned this property; were they not?

Mr. JOHNSTON. That is correct.

Mr. HALLEY. And at such time as they saw fit to sell the property to the jockey club, they just arranged it?

Mr. JOHNSTON. Not just arranged it. They sold it to the jockey club when the time came that it was right.

Mr. HALLEY. Do you think it is fair to sell it at a profit of some \$700,000?

Mr. JOHNSTON. Yes. We had an appraiser, we had it appraised by the United States Government appraiser, and they appraised the property at a million and one-half dollars. We sold it for a million. The appraisal is on the records there.

Mr. HALLEY. You have an appraisal to show it?

Mr. JOHNSTON. Yes, sir.

Mr. HALLEY. Do you think you paid enough for it in the first place?

Mr. JOHNSTON. I think we paid what it was worth in the first place.

Mr. HALLEY. Do you think that the property appreciated from \$300,000 to a million dollars between the end of 1944 and the beginning of the year 1949?

Mr. JOHNSTON. Yes. I know hotels down there that were bought for two or three hundred thousand dollars that were sold for a million and one-half dollars.

Mr. HALLEY. This wasn't a hotel. It happened to be the land the jockey club was on.

Mr. JOHNSTON. That is right.

Mr. HALLEY. Its value was because the jockey club was on it?

Mr. JOHNSTON. The value is there is a thousand feet of ocean frontage there.

Mr. HALLEY. Have you disposed of the ocean frontage there?

Mr. JOHNSTON. The whole thing.

Mr. HALLEY. For whose benefit? It went back to the jockey club?

Mr. JOHNSTON. That is right.

Mr. HALLEY. And the jockey club has not disposed of it?

Mr. JOHNSTON. No.

Mr. HALLEY. That stays with the jockey club?

Mr. JOHNSTON. That is right. That is what makes the property so valuable.

Mr. HALLEY. Do you not think it is a coincidence that at the very year and at the very time that Hugh Bennett had to find another \$40,000 to lend Ricca, the sale took place and the proceeds to him were just 40,000?

Mr. JOHNSTON. No; no coincidence.

Mr. HALLEY. It was very fortunate, you know, the sale was for \$40,000, because after he loaned the \$40,000 to Ricca, he had only about two or three thousand dollars left in his bank account.

Mr. JOHNSTON. I don't know about Mr. Bennett's private bank account. The property was held from 1943 to 1950.

I don't see how Bennett could have figured out in 1944 or 1943 that he was going to have to loan somebody some money in 1948. That is no coincidence.

Mr. HALLEY. That may be so, but the resale of the property to the kennel club could have been a very convenient device at that time.

Mr. JOHNSTON. No.

Mr. HALLEY. To get just \$40,000 into Bennett's hands.

Mr. JOHNSTON. Do you want me to tell you why the sale was made at that time?

Mr. HALLEY. Of course.

Mr. JOHNSTON. The kennel club had a lot of surplus on hand, and it was getting to the point where they would have to declare it in dividends, and we thought the best thing to do was to buy property.

Mr. HALLEY. If you declared it in dividends, some of the other stockholders would have gotten it?

Mr. JOHNSTON. They have property worth a million and one-half.

Mr. HALLEY. You mean the small outside stockholders?

Mr. JOHNSTON. That is correct. They got their interest in the thing?

Mr. HALLEY. They don't have the dividends?

Mr. JOHNSTON. Their dividends go up because they don't pay the \$75,000 a year rent that they were paying before.

Mr. HALLEY. Can you throw any light on the series of coincidences?

Mr. JOHNSTON. One has nothing to do with the other whatsoever.

Mr. HALLEY. There is no reason that you know——

Mr. JOHNSTON. No reason whatsoever.

Mr. HALLEY. Were you surprised when you learned that Accardo and Guzik turned up as partners of Harry Russell in the S. & G.?

Mr. JOHNSTON. I didn't know they had turned up as partners.

Mr. HALLEY. Well, their income-tax return shows that they had an interest in the S. & G.

Mr. JOHNSTON. I didn't know that.

Mr. HALLEY. That seems to be just another one of these coincidental things that makes this whole deal hard to understand.

Mr. JOHNSTON. There is no deal hard to understand. Mr. Halley, because I am a friend of John Patton, you are trying to make me a friend of everybody else that he knows.

Mr. HALLEY. You know that Accardo is a very close friend of Ricca?

Mr. JOHNSTON. I don't know Accardo or Ricca. I don't know if they even know one another.

Mr. HALLEY. He worked very hard on the Ricca parole?

Mr. JOHNSTON. I have never seen them together. Never seen them in my life. How would I know whether they are close friends or not?

Mr. HALLEY. John Patton would know that. We didn't ask him that, but I presume he would.

Mr. JOHNSTON. But John Patton may know a thousand people that I don't know.

Mr. HALLEY. No, but if somebody in Chicago wanted to ask you to handle a delicate matter, wouldn't they approach you through John Patton?

Mr. JOHNSTON. I don't know if they would or wouldn't.

Mr. HALLEY. In this case, did they?

Mr. JOHNSTON. They didn't. Nobody asked me to approach anybody on anything.

Mr. HALLEY. You did not ever suggest to "Bing" Crosby that he investigate the S. & G. books?

Mr. JOHNSTON. Never. Why, it is the most ridiculous thing I ever heard of.

Mr. HALLEY. Did you never speak to anybody connected with the wire service about cutting off the wire service of the S. & G. syndicate?

Mr. JOHNSTON. I talked to someone in the wire service? I don't even know anybody in the wire service.

Mr. HALLEY. And you want to stand on those denials?

Mr. JOHNSTON. What is that?

Mr. HALLEY. You will stand on those denials?

Mr. JOHNSTON. Positively. Now let me ask you this——

Mr. HALLEY. Surely; not a question because the questions are coming from this side.

Mr. JOHNSTON. I know, but you are trying to associate me and make me part of something that happened because I happen to know John Patton.

Mr. HALLEY. Well, you happened to know Eddie O'Hare, too.

Mr. JOHNSTON. Yes.

Mr. HALLEY. And Harry Russell and Bing Crosby.

Mr. JOHNSTON. That is right, and I possibly know a hundred thousand people.

Mr. HALLEY. But you were seeing all these people at just the critical time.

Mr. JOHNSTON. Let me ask you this: If Senator Kefauver here, for instance, he may know people, but that doesn't make him an associate of theirs because he may know some people that just didn't do right.

Mr. HALLEY. Why did you make a contribution in excess of \$70,000 of your own money to the campaign of Fuller Warren?

Mr. JOHNSTON. I didn't make a contribution in excess of \$70,000 to Fuller Warren.

Mr. HALLEY. I believe that was your testimony.

Mr. JOHNSTON. I don't believe it was.

Mr. HALLEY. What is the fact?

Mr. JOHNSTON. I think it was in the neighborhood of \$40,000.

Mr. HALLEY. Only \$40,000, that is your own money?

Mr. JOHNSTON. Yes.

Mr. HALLEY. Whose was the rest?

Mr. JOHNSTON. My brother's and Silverberg loaned me some money to put in there and—what is his name? This fellow from St. Petersburg.

Mr. HALLEY. Griffin?

Mr. JOHNSTON. No. Griffin put in \$156,000. While we are on that subject here, in your interim report you stated that it went uncontradicted that I had put \$156,000 in the campaign fund. When I came before you, I showed you a slip in which Mr. Griffin had asked me to contribute \$30,000.

The CHAIRMAN. Mr. Johnston, I think the interim report was written before we had your testimony.

Mr. JOHNSTON. Senator, there is only one thing here. I am not trying to argue here, but here I have been kicked around. I have never done anything wrong in my life. The only thing I have ever done was help a friend and spent my money to help a friend, and all I have got for it is abuse and kicked around for 10 months, and it has got to the point where it is getting to be a little irritating.

Everything centers around because I made a contribution. Now if it is a crime to help your friends, then I am a criminal. That is all I have ever done.

Mr. HALLEY. As a result of helping your friends, whether or not it was your motive, the result was that you had the reputation of being the man who was the closest person to Fuller Warren in the State of Florida, didn't you?

Mr. JOHNSTON. Yes; the newspapers did that. The newspapers carried headlines there that I was his close friend.

Mr. HALLEY. Now in addition to the \$40,000 you put in, how much did Silverberg put in?

Mr. JOHNSTON. I think he put in ten or fifteen thousand.

Mr. HALLEY. He is the man who has the restaurant concession at the track?

Mr. JOHNSTON. That is correct.

Mr. HALLEY. How much did your brother put in?

Mr. JOHNSTON. He put in \$30,000, I believe.

Mr. HALLEY. So that is 65, 95, no, 55, 85.

Mr. JOHNSTON. And I got that from chain-store men in St. Petersburg.

Mr. HALLEY. How much was that?

Mr. JOHNSTON. \$15,000.

Mr. HALLEY. That brought it up to \$100,000.

Mr. JOHNSTON. Yes.

Mr. HALLEY. \$40,000 of that was your own; \$30,000 was your brother's?

Mr. JOHNSTON. Yes. You see, as I told you, as I testified before, and told you how I got in this, and give my word, we were only going to underwrite this, and they were only supposed to put up \$25,000, which we did. It seems the powers that be shut off all the money, so that no money would come up, or whether or not it was financed, no one will ever know, but I want to tell you one thing right now, Senator, they tell me how easy it is to get campaign funds. I only had this one, but I never could get any; I had to come in myself and save it; I had to.

The CHAIRMAN. You kept needing more, and it kept getting harder to get; is that it?

Mr. JOHNSTON. That is correct. It seems the word got around there was pressure to keep from putting money into the campaign. I don't know; I was just sucked in. I never intended to put that much money in; I testified to all that before, and the reason I am bringing it up again, Mr. Halley, there is a lot of people—this is on the air, and they are listening to these things, and they don't know that, and I don't want them to get a false impression.

Mr. HALLEY. I don't think anyone got a false impression, Mr. Johnston.

Mr. JOHNSTON. I hope not.

The CHAIRMAN. One thing I wanted to ask you about, Mr. Johnston. You talked to Bennett out at the Sportsman's, and he wanted to borrow \$10,000, \$15,000—what was it?

Mr. JOHNSTON. \$10,000, I think.

The CHAIRMAN. He wanted to make that loan to go into some sort of business he wouldn't tell you about. I thought he sent you a wire while he was in Miami, up to Jacksonville.

Mr. JOHNSTON. No. You see, I gave him \$10,000; I gave him a check. Then when I was in Jacksonville I got a call from him there that he needed \$10,000 more in order to close that deal.

The CHAIRMAN. So you put up \$20,000 altogether?

Mr. JOHNSTON. That is correct, and you have my records, and if you will check, I called my banker and had him transfer it for him. I didn't wire it back, just transferred it down for him.

The CHAIRMAN. So you went in \$20,000 on a deal you didn't know what it was about, and he wouldn't tell you.

Mr. JOHNSTON. Of course, I got \$30,000 in stock, and by the way, I have been paid \$2,500 off that.

The CHAIRMAN. What, on Bennett's—

Mr. JOHNSTON. Anything else?

Mr. HALLEY. No, sir.

The CHAIRMAN. Do you have a note from Bennett?

Mr. JOHNSTON. Yes.

The CHAIRMAN. He gave you a note?

Mr. JOHNSTON. I got a collateral fee note, and he paid \$2,500 on account. He is going to pay the other \$17,500 in one year.

The CHAIRMAN. Any other questions?

Mr. HALLEY. No.

The CHAIRMAN. That is all, thank you, Mr. Johnston.

(Witness excused.)

The CHAIRMAN. Who is next, Mr. Halley?

Mr. HALLEY. Mr. Cawley.

The CHAIRMAN. All right, now. Mr. Cawley has been before the committee once before.

Mr. HALLEY. Mr. Robinson will be right in.

The CHAIRMAN. Get Mr. Robinson and let's get started.

Also, Mr. Marshall, will you see if Mr. Louis Greenberg is here.

Mr. HALLEY. Louis Greenberg, Louis Alexander Greenberg.

The CHAIRMAN. And just report to us whether he is here or not.

All right, Mr. Robinson.

FURTHER TESTIMONY OF THOMAS J. CAWLEY, LA SALLE, ILL.

The CHAIRMAN. Do you solemnly swear that the testimony you give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CAWLEY. I do.

Mr. ROBINSON. Will you state your full name, please?

Mr. CAWLEY. Thomas J. Cawley.

Mr. ROBINSON. And you come from La Salle?

Mr. CAWLEY. La Salle, Ill.

Mr. ROBINSON. Mr. Cawley, you were here before and gave some testimony?

Mr. CAWLEY. That is correct.

Mr. ROBINSON. Which is in the record?

Mr. CAWLEY. Yes.

Mr. ROBINSON. Regarding your operations in La Salle and Streator, is that the way you pronounce it?

Mr. CAWLEY. That is right.

Mr. ROBINSON. Do you have an establishment in both places?

Mr. CAWLEY. That is correct.

Mr. ROBINSON. Are they still operating?

Mr. CAWLEY. That is right.

Mr. ROBINSON. Have they been down to speak of for any period of time in the last 2 or 3 months?

Mr. CAWLEY. Very little.

Mr. ROBINSON. You have no trouble operating now?

Mr. CAWLEY. That is right.

Mr. ROBINSON. Everything is going the same as usual?

Mr. CAWLEY. You mean with me?

Mr. ROBINSON. Yes.

Mr. CAWLEY. Yes.

Mr. ROBINSON. Your books are operating?

Mr. CAWLEY. That is right.

Mr. ROBINSON. And your crap games are operating?

Mr. CAWLEY. That is correct.

Mr. ROBINSON. Now, you produced certain books and records?

Mr. CAWLEY. That is correct.

Mr. ROBINSON. The last time you were here—and in the meantime we have had a chance to examine them, Mr. Cawley.

Mr. CAWLEY. Yes.

Mr. ROBINSON. You are familiar with the books of your company?

Mr. CAWLEY. No; I am not.

Mr. ROBINSON. Well, you go over them periodically, don't you?

Mr. CAWLEY. Well, I would not say that. I have a man to take care of that for me.

Mr. ROBINSON. All right. One of the items you have in your books is called Casino losses?

Mr. CAWLEY. That is right.

Mr. ROBINSON. Now, in that particular column there is listed a number of names of people. One is Dobkins. Who is he?

Mr. CAWLEY. He would be—well, he could be a customer.

Mr. ROBINSON. He used to bet there?

Mr. CAWLEY. Would bet with us; yes.

Mr. ROBINSON. Would he come down there to bet?

Mr. CAWLEY. No; he would bet on the phone.

Mr. ROBINSON. He would bet on the phone?

Mr. CAWLEY. Yes, sir.

Mr. ROBINSON. Did you lay off money with him here?

Mr. CAWLEY. That is right; I think that is right.

Mr. ROBINSON. He is one of the lay-off men for your establishment here in Chicago?

Mr. CAWLEY. That is right.

Mr. ROBINSON. How large a sum would you lay off with him?

Mr. CAWLEY. It would vary. We very seldom laid off any. We don't get that kind of play.

Mr. ROBINSON. When you did how much would the amount average?

Mr. CAWLEY. Maybe a hundred or two hundred.

Mr. ROBINSON. Would it ever get up to the thousands?

Mr. CAWLEY. No.

Mr. ROBINSON. Never at any time?

Mr. CAWLEY. Never.

Mr. ROBINSON. What is the Main News Service which appears in the same column?

Mr. CAWLEY. Midwest.

Mr. ROBINSON. No; it is called the Main News Service. Is that another lay-off?

Mr. CAWLEY. That could be another lay-off.

Mr. ROBINSON. Is that in Chicago?

Mr. CAWLEY. That I wouldn't know.

Mr. ROBINSON. Al Cooper, is he another lay-off man?

Mr. CAWLEY. That would be a lay-off.

Mr. ROBINSON. And Ralph Watson?

Mr. CAWLEY. Yes, sir; he is down State.

Mr. ROBINSON. William Kelly?

Mr. CAWLEY. William Kelly. Yes; he is another one.

Mr. ROBINSON. He is another one?

Mr. CAWLEY. Yes.

The CHAIRMAN. Where is he?

Mr. CAWLEY. In Peoria, Ill.; he is not operating.

Mr. ROBINSON. He is what?

Mr. CAWLEY. Not operating now. We have done all our business with checks, both in and out.

Mr. ROBINSON. Well, there are several others, but I won't bother to go over them at the moment.

Mr. CAWLEY. That is right.

Mr. ROBINSON. Now, your general ledger carries a series of items as follows, which I would like to have you give a brief description of.

Mr. CAWLEY. Right.

Mr. ROBINSON. Baseball income?

Mr. CAWLEY. Baseball is run in our cigar store. That is strictly a local tally proposition.

Mr. ROBINSON. Yes, sir. It is fairly profitable?

Mr. CAWLEY. Yes. I would say there is, oh, about 12 percent.

Mr. ROBINSON. You have never had any interference from the local law-enforcement officers on that?

Mr. CAWLEY. No; that has been going on for years.

Mr. ROBINSON. No trouble whatsoever?

Mr. CAWLEY. That is right.

Mr. ROBINSON. Money board income?

Mr. CAWLEY. That would be punchboards, downstairs. That is not connected with the book. We run a cigar store and a book.

Mr. ROBINSON. But it is a gambling outfit?

Mr. CAWLEY. That is right.

Mr. ROBINSON. You have had no trouble with that?

Mr. CAWLEY. No, sir.

Mr. ROBINSON. Nobody bothered you about it?

Mr. CAWLEY. No.

Mr. ROBINSON. Right out in the open?

Mr. CAWLEY. That is correct.

Mr. ROBINSON. How about dice income?

Mr. CAWLEY. That is from the table, dice table.

Mr. ROBINSON. Is that still operating?

Mr. CAWLEY. That is right.

Mr. ROBINSON. It has been operating for the past 6 or 7 months?

Mr. CAWLEY. Well, we were up and down.

Mr. ROBINSON. Not too much trouble about operating that, though?

Mr. CAWLEY. No; we never had too much trouble.

Mr. ROBINSON. How about jars income?

Mr. CAWLEY. Jars is the same as the baseball.

Mr. ROBINSON. Is it a different type of betting?

Mr. CAWLEY. Yes; but that is all small betting, from 10 cents up to a half dollar.

Mr. ROBINSON. Is it like policy?

Mr. CAWLEY. No, no, no. There are two numbers to a ticket.

Mr. ROBINSON. I see. It is a numbers gambling, isn't it?

Mr. CAWLEY. No; it is regular baseball.

Mr. ROBINSON. Oh, I see; and you also have craps income?

Mr. CAWLEY. That is correct.

Mr. ROBINSON. No trouble with that at all?

Mr. CAWLEY. No.

Mr. ROBINSON. Operating wide open?

Mr. CAWLEY. Well, I would say "yes."

Mr. ROBINSON. Roulette income?

Mr. CAWLEY. Well, the roulette is very small. The fact of the matter is there are very few players. They don't understand it.

Mr. ROBINSON. You are never bothered much by the local law-enforcement body?

Mr. CAWLEY. No.

Mr. ROBINSON. Horses income. That is your book?

Mr. CAWLEY. That is right.

Mr. ROBINSON. Your books have been operated steadily?

Mr. CAWLEY. Yes.

Mr. ROBINSON. No trouble with them?

Mr. CAWLEY. No.

Mr. ROBINSON. Police don't bother you at all?

Mr. CAWLEY. No.

Mr. ROBINSON. Why don't they?

Mr. CAWLEY. I don't know.

Mr. ROBINSON. You haven't any ideas?

Mr. CAWLEY. No.

Mr. ROBINSON. Who is the mayor of your town?

Mr. CAWLEY. The present mayor?

Mr. ROBINSON. Yes.

Mr. CAWLEY. Matt Billhower.

Mr. ROBINSON. Do you know him well?

Mr. CAWLEY. He was born and raised down there, but he is only in there about a year.

Mr. ROBINSON. Who is the present chief of police?

Mr. CAWLEY. Eddie Kasproovich.

Mr. ROBINSON. He doesn't bother you?

Mr. CAWLEY. No.

Mr. ROBINSON. He knows what you are doing?

Mr. CAWLEY. I never asked him.

Mr. ROBINSON. Poker income?

Mr. CAWLEY. Oh, they run a small game. There is a couple of guys make a living off it. It is a 25-cent limit.

Mr. ROBINSON. You get a cut off the game?

Mr. CAWLEY. Very little.

Mr. ROBINSON. Slot-machine income?

Mr. CAWLEY. Well, there hasn't been slot machines down there for some time.

Mr. ROBINSON. When was the last time you had them operating?

Mr. CAWLEY. Oh, I think that has been a year and a half or 2 years ago.

Mr. ROBINSON. Were they quite profitable?

Mr. CAWLEY. Yes.

Mr. ROBINSON. Why did you discontinue them?

Mr. CAWLEY. Well, we were told to discontinue them.

Mr. ROBINSON. Who told you to discontinue them?

Mr. CAWLEY. Somebody came in. I do not remember who it was.

Mr. ROBINSON. You must remember who came in and told you to cut off that income.

Mr. CAWLEY. No; I can't remember.

Mr. ROBINSON. Was he a policeman?

Mr. CAWLEY. No; I wouldn't say that.

Mr. ROBINSON. Were you taking the full proceeds from the slots yourself?

Mr. CAWLEY. Yes, sir.

Mr. ROBINSON. You were?

Mr. CAWLEY. Definitely.

Mr. ROBINSON. You were not splitting with anyone?

Mr. CAWLEY. No, sir.

Mr. ROBINSON. Mr. Vogel didn't have a part of that operation, did he?

Mr. CAWLEY. I want this committee to understand——

Mr. ROBINSON. No; did he or didn't he?

Mr. CAWLEY. He didn't.

Mr. ROBINSON. All I want to know is whether he did or did not. You know him, don't you?

Mr. CAWLEY. No.

Mr. ROBINSON. You don't know him at all?

Mr. CAWLEY. No, sir.

Mr. ROBINSON. Who told you to shut them down?

Mr. CAWLEY. Well, I can't remember. That is 2 years ago.

Mr. ROBINSON. That isn't too far back to remember.

Mr. CAWLEY. Well, it might not be for everybody, but it is for me.

Mr. ROBINSON. Why would they tell you to shut the slots down and not shut anything else down?

Mr. CAWLEY. We was closed down.

Mr. ROBINSON. The whole operation?

Mr. CAWLEY. The whole county was down there.

Mr. ROBINSON. Then you closed down all your operations?

Mr. CAWLEY. No; we always went with horses.

Mr. ROBINSON. You never had any trouble with the books?

Mr. CAWLEY. That is right.

Mr. ROBINSON. You opened up all of them soon after that?

Mr. CAWLEY. Well, yes, I would say that.

Mr. ROBINSON. Now I believe you testified the last time you were here something about your political contributions?

Mr. CAWLEY. That is right.

Mr. ROBINSON. \$100 here and \$100 there, not too much?

Mr. CAWLEY. I gave \$100 to the Democrats and I gave \$100 to the Republicans, by checks. That is a matter of record.

Mr. ROBINSON. You are positive that you gave the check to the——

Mr. CAWLEY. Committee.

Mr. ROBINSON. To the Democratic committee?

Mr. CAWLEY. That is correct.

Mr. ROBINSON. And what has been, over the last 5 or 6 years, your total contributions?

Mr. CAWLEY. You mean to the politicians?

Mr. ROBINSON. Yes.

Mr. CAWLEY. Nothing to speak of outside of that.

Mr. ROBINSON. Did you have some trouble at one time about trying to take a \$6,000 income-tax deduction for political contributions?

Mr. CAWLEY. No.

Mr. ROBINSON. You don't remember anything like that?

Mr. CAWLEY. No.

Mr. ROBINSON. Isn't it true that you have given a total of about \$25,000 over the course of the past 10 years to political parties?

Mr. CAWLEY. That is not right.

Mr. ROBINSON. There is no truth to that at all?

Mr. CAWLEY. Definitely no.

Mr. ROBINSON. Was there betting in your establishment just before the last time you were here on whether or not you would be called before this committee?

Mr. CAWLEY. No, sir.

Mr. ROBINSON. You never heard of that?

Mr. CAWLEY. Never heard of anything like that.

Mr. ROBINSON. And they weren't quoting the odds at 5 to 1?

Mr. CAWLEY. No.

Mr. ROBINSON. That is all wrong?

Mr. CAWLEY. No.

Mr. ROBINSON. Never heard of it?

Mr. CAWLEY. I never heard of anything like that.

Mr. ROBINSON. Wasn't there quite a bit of talk in the community that you would never be called here?

Mr. CAWLEY. No, sir.

Mr. ROBINSON. You never heard that?

Mr. CAWLEY. Never heard anything like that.

Mr. ROBINSON. Those rumors never came to you?

Mr. CAWLEY. Them are just rumors.

Mr. ROBINSON. Now, going over your records I find quite a few notations in your records. In January 1941 there is a notation: "Closed down."

Mr. CAWLEY. Yes.

Mr. ROBINSON. Your accountant makes these notations whenever there is reason for you to close down?

Mr. CAWLEY. That is right.

Mr. ROBINSON. That is right. You usually close down when the grand jury is sitting?

Mr. CAWLEY. No, sir.

Mr. ROBINSON. Have you ever?

Mr. CAWLEY. No; we didn't.

Mr. ROBINSON. But you put notations in your book when the grand jury is sitting?

Mr. CAWLEY. No.

Mr. ROBINSON. Never had that?

Mr. CAWLEY. Never had that.

Mr. ROBINSON. There is one in your books for September 1947 saying: "Grand jury sitting."

Mr. CAWLEY. I wouldn't know that.

Mr. ROBINSON. What would be the significance of putting that in your books?

Mr. CAWLEY. That I wouldn't know.

Mr. ROBINSON. You don't know?

Mr. CAWLEY. No.

Mr. ROBINSON. Another one in May 1947, "no craps, no roulette; shut the horses and poker down; move to Maples." What does that mean?

Mr. CAWLEY. When we closed down and we moved out in the country.

Mr. ROBINSON. You keep a record of all of that?

Mr. CAWLEY. We mark it down on the daily sheet.

Mr. ROBINSON. Now, did things slow up a little bit in the latter part of 1949?

Mr. CAWLEY. There hasn't been any business—

Mr. ROBINSON. There is a notation in your book, referring to the LaSalle News Tribune headline: "We have had enough gambling and the pressure is on." Things slowed down a little after that?

Mr. CAWLEY. Yes.

Mr. ROBINSON. Just following that notation, there is also a notation to the effect that "pressure is starting; down on account of Queen Baxie."

Mr. CAWLEY. I don't know who made those notations. It must be a bookie. I didn't know they were in there. I don't see those things.

Mr. ROBINSON. You don't know who Queen Baxie is?

Mr. CAWLEY. No.

Mr. ROBINSON. You have no idea?

Mr. CAWLEY. No.

Mr. ROBINSON. You are sure of that?

Mr. CAWLEY. I am positive.

Mr. ROBINSON. Could that by any chance be the owner of the LaSalle News Tribune?

Mr. CAWLEY. I don't know who owns that.

Mr. ROBINSON. You don't know who owns that newspaper?

Mr. CAWLEY. I don't know who owns that newspaper.

Mr. ROBINSON. Are you sure of that?

Mr. CAWLEY. Yes.

Mr. ROBINSON. You don't know who owns that paper?

Mr. CAWLEY. They tell me one person owns it, and another person owns it.

Mr. ROBINSON. Is there a fellow by the name of Miller who owns the paper?

Mr. CAWLEY. I understand that.

Mr. ROBINSON. You know that?

Mr. CAWLEY. I know that from hearsay.

Mr. ROBINSON. Is he sometimes referred to as Queen Bazie?

Mr. CAWLEY. No.

Mr. ROBINSON. You don't know that?

Mr. CAWLEY. I don't know the nicknames down there.

Mr. ROBINSON. But it did have an effect on your operations?

Mr. CAWLEY. Oh, yes.

Mr. ROBINSON. Did it shut you down tight?

Mr. CAWLEY. No, we was never shut down tight.

Mr. ROBINSON. It just slowed you up a little?

Mr. CAWLEY. That's right.

Mr. ROBINSON. How do you account for the fact that you can operate the way you can, Mr. Cawley?

Mr. CAWLEY. Well, it's been going on down there for 25 years.

The CHAIRMAN. You said 90 percent of the people like it, is that what you said?

Mr. CAWLEY. That is right.

We had an election down there that proved that.

Mr. ROBINSON. And did what?

Mr. CAWLEY. We had an election down there that proved that.

Mr. ROBINSON. Tell me about that.

Mr. CAWLEY. The sheriff—two sheriffs run, one run on an anti-gambling ticket, and the other fellow run on an open ticket, and the fellow on the open ticket win the election.

Mr. ROBINSON. And even though gambling is in violation of the State law? That doesn't make any difference in LaSalle County, does it?

Mr. CAWLEY. That I can't—

Mr. ROBINSON. You don't worry about that?

The CHAIRMAN. All right, let's get on.

Mr. ROBINSON. That is all.

Mr. CAWLEY. Is that all?

The CHAIRMAN. Now, Mr. Cawley, just a minute. This sheriff who ran on the open ticket—I suppose you helped him in his campaign, didn't you?

Mr. CAWLEY. No, I didn't.

The CHAIRMAN. You didn't contribute?

Mr. CAWLEY. No, sir.

The CHAIRMAN. You contributed \$500 to one sheriff's campaign?

Mr. CAWLEY. I did at one time because the man was born and raised with me.

The CHAIRMAN. But generally the mayor and the sheriff and the chief of police—you help them out, don't you?

Mr. CAWLEY. No, sir.

The CHAIRMAN. No gratuity at all?

Mr. CAWLEY. No, sir.

The CHAIRMAN. Are these places wide open so anybody can walk in?

Mr. CAWLEY. Our county has been that way.

The CHAIRMAN. Both of them are inside of the city, aren't they?

Mr. CAWLEY. That is right.

The CHAIRMAN. Both are inside the city limits? Don't you sell liquor in your places?

Mr. CAWLEY. Well, that is separate. Our liquor is separate from the gaming house.

The CHAIRMAN. Well, I mean you operate the liquor part of it, too, don't you?

Mr. CAWLEY. No. Up until—mine is a family affair. It is my—

The CHAIRMAN. Well, who has the liquor license?

Mr. CAWLEY. Well, the liquor license, it is in four names. They took my liquor license away from me.

The CHAIRMAN. Is the liquor license in your name or whose name?

Mr. CAWLEY. It is in—I think it is in four of our names. Myself, my brother, and my two sisters.

The CHAIRMAN. And when did they take the liquor license away from you?

Mr. CAWLEY. After I got back from this meeting last time.

The CHAIRMAN. But you still sell liquor?

Mr. CAWLEY. That is right.

The CHAIRMAN. When did the license get taken away, about 2 months ago?

Mr. CAWLEY. That is the State license that is taken away from me.

The CHAIRMAN. State license?

Mr. CAWLEY. That's right.

The CHAIRMAN. You still have a Federal license?

Mr. CAWLEY. That's right, and also a city license.

The CHAIRMAN. A city license? Is that some of Governor Stevenson's work?

Mr. CAWLEY. I don't know anything about that.

The CHAIRMAN. But it hasn't made any difference in your operation?

Mr. CAWLEY. No. No.

The CHAIRMAN. Very well, thank you, Mr. Cawley.

(Witness excused.)

TESTIMONY OF HAROLD H. JESKE, PISTAKEE BAY, McHENRY, ILL.

The CHAIRMAN. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. JESKE. I do.

Mr. ROBINSON. Will you state your full name, please?

Mr. JESKE. Harold H. Jeske.

Mr. ROBINSON. Where do you live, Mr. Jeske?

Mr. JESKE. Route 1, Pistakee Bay, McHenry, Ill.

Mr. ROBINSON. I apologize for getting you in on such short notice, Mr. Jeske, but perhaps you can tell us something about the slot-machine-manufacturing situation in Chicago. You are connected with the O. D. Jennings Co.?

Mr. JESKE. I am; I am vice president of the company.

Mr. ROBINSON. How long have you been vice president?

Mr. JESKE. Three years.

Mr. ROBINSON. That company manufactures slot machines?

Mr. JESKE. Yes, it does.

Mr. ROBINSON. Is the slot machine they manufacture commonly referred to as the Chief?

Mr. JESKE. That is correct.

Mr. ROBINSON. Do you have other brands under other names?

Mr. JESKE. No, we do not.

Mr. ROBINSON. What percentage of your business is the slot-machine business?

Mr. JESKE. About 70 percent.

Mr. ROBINSON. What is the remainder?

Mr. JESKE. Scales and vending machines.

Mr. ROBINSON. What volume of business do you do in the slot-machine branch?

Mr. JESKE. Gross sales?

Mr. ROBINSON. Gross sales, yes.

Mr. JESKE. About \$2,000,000 annually.

Mr. ROBINSON. Where do you distribute the machines?

Mr. JESKE. Over the entire United States.

Mr. ROBINSON. Do you distribute direct to the user or do you distribute through distributors who are located in the several States?

Mr. JESKE. Distributors.

Mr. ROBINSON. Do you also make direct sales?

Mr. JESKE. In very few instances.

Mr. ROBINSON. Mostly through distributors?

Mr. JESKE. Yes, sir.

Mr. ROBINSON. Is it true, Mr. Jeske, that the manufacturers of slot machines are located for the most part in the Chicago area?

Mr. JESKE. To the best of my knowledge.

Mr. ROBINSON. What percentage of the manufacturing business would you say is done in the Chicago area?

Mr. JESKE. I don't think I am qualified to answer that.

Mr. ROBINSON. Do you know of any large manufacturing companies that are outside of Chicago?

Mr. JESKE. No, I do not.

Mr. ROBINSON. How many slot-machine companies are there here in Chicago? Can you name some of the larger ones?

Mr. JESKE. I would say there is a half dozen.

Mr. ROBINSON. Bellomatic?

Mr. JESKE. Yes.

Mr. ROBINSON. Do you know any of the others?

Mr. JESKE. Well, there was Pace. They liquidated. And Watling.

Mr. ROBINSON. Can you name any more?

Mr. JESKE. Not offhand, no.

Mr. ROBINSON. Those machines are shipped to distributors in States without regard to the fact that the operation of them may be illegal in the State to which they are shipped, is that correct?

Mr. JESKE. Will you clarify that?

Mr. ROBINSON. I mean you ship machines into every State without regard to whether or not the State law prohibits the operation of slot machines as a gambling device?

Mr. JESKE. No, not in every case.

Mr. ROBINSON. Do you refer to some States as being legalized States and other States as being illegal States?

Mr. JESKE. Yes, we refer to some States as being illegal States.

Mr. ROBINSON. And some States as legal States?

Mr. JESKE. That is correct.

Mr. ROBINSON. Which States are the legal States at the present time?

Mr. JESKE. Nevada and certain counties in Maryland.

Mr. ROBINSON. In going over the books and records of the company, Mr. Jeske, let me ask you first, Do you remember a meeting of the members of the American Coin Machine Manufacturers' Association that took place on February 17, 1950, a meeting of the industry committee on H. R. 6736?

Mr. JESKE. Yes, I do.

Mr. ROBINSON. Were you present at that time?

Mr. JESKE. I came in at the tail end of the meeting.

Mr. ROBINSON. Pardon?

Mr. JESKE. I attended the tail end of the meeting.

Mr. ROBINSON. I see. Do you remember the following statement made by Mr. Herb Jones? Do you know him?

Mr. JESKE. Yes, I do.

Mr. ROBINSON. With whom is he connected?

Mr. JESKE. Bally Manufacturing Co.

Mr. ROBINSON. That is a rather large manufacturing company?

Mr. JESKE. Yes; it is.

Mr. ROBINSON. Well, this statement by Mr. Jones is recorded in the minutes as follows:

Also, members of the industry have consistently lied by maintaining to the public that the industry does not manufacture gambling equipment, which of course is not true. There ought to be an honest admission of the fact that the industry does manufacture gambling equipment. The American public on the whole almost universally uses the devices which are manufactured by the industry, but they are naturally suspicious of the people who manufacture and vend the equipment.

Why would members of the industry consistently lie to the public by maintaining to the public that the industry does not manufacture gambling equipment?

Mr. JESKE. I don't know of any that do.

Mr. ROBINSON. Well, that struck me as being a curious statement coming from one of the representatives of the industry, and have you any explanation of why that position was taken?

The CHAIRMAN. Is that the minutes of the meeting? It speaks for itself. Let's make that an exhibit—whatever it is—exhibit No. 65.

(Exhibit No. 65 appears in the appendix on p. 1410.)

The CHAIRMAN. Have you got the principal distributors throughout the Nation of slot machines?

Mr. ROBINSON. Well, how many distributors do you have? An approximate figure is sufficient.

Mr. JESKE. I would have to check over that, Mr. Robinson.

Mr. ROBINSON. Would it be a hundred or a thousand?

Mr. JESKE. Oh, no; it wouldn't run into the thousands; it would be less than a hundred. I believe we have given you a complete record of all our distributors, if I am not mistaken.

Mr. ROBINSON. Is this the record you recall sending to me of the distributors?

Mr. JESKE. Yes; it is.

Mr. ROBINSON. I would like to offer that as an exhibit.

The CHAIRMAN. That will be exhibit No. 66.

(Exhibit No. 66 appears in the appendix on p. 1413.)

Mr. ROBINSON. And also a map of the United States showing the machines sold in each State during 1949, which you very kindly prepared for me at my request.

The CHAIRMAN. Is that the map you prepared, sir?

Mr. JESKE. Yes; it is, Senator.

The CHAIRMAN. Let that be exhibit No. 67.

(Exhibit No. 67 is on file with the committee.)

Mr. HALLEY. What was your gross business in 1949 in slot machines?

Mr. JESKE. Approximately \$2,000,000.

The CHAIRMAN. Are you the largest? Is Bellomatic larger than you on slot machines?

Mr. JESKE. Yes; they are.

The CHAIRMAN. About how do you compare in size?

Mr. JESKE. You mean percentage in relation to Bellomatic?

The CHAIRMAN. Are they twice as large as you, or three times, or what?

Mr. JESKE. That I couldn't say, Senator.

The CHAIRMAN. Mr. Jennings—

Mr. ROBINSON. Jeske.

The CHAIRMAN. Jeske, you are with the O. D. Jennings Co.?

Mr. JESKE. That is right.

The CHAIRMAN. Mr. Jeske, I have always wondered how you shipped like in Philadelphia. You have a Keystone—anyway a Keystone Amusement Co. as the distributor, and either your company or other companies send slot machines to that distributor, and they are sent there, and it is a violation of the law of Philadelphia to possess a slot machine—I mean in Pennsylvania.

How do you work these things out? How do you work them out; do you break them down in different sections; that is, you take the gaming part of it out and send it separately from the cabinet proper?

Mr. JESKE. No, sir; we do not.

The CHAIRMAN. You must send them on in.

Mr. JESKE. The machine is shipped complete.

The CHAIRMAN. Then they are taken over to New Jersey, where I think they have a similar law that possession of one is illegal, and I did not know how these people who get them get by with having them there.

Can you shed any light on that?

Mr. JESKE. No; I can't shed any light on that.

The CHAIRMAN. Now, what are the national coin machine associations? Will you list them for us? I think there are two or three, aren't there?

Mr. JESKE. The only one I am familiar with is the American Association of Coin Manufacturers.

The CHAIRMAN. Isn't there a Coin Machine Institute, or some association of that kind?

Mr. JESKE. I believe there is.

The CHAIRMAN. Does O. D. Jennings & Co. make payment to some association in California that you know of offhand?

Mr. JESKE. No, sir; I do not.

The CHAIRMAN. All right. Anything else?

Mr. HALLEY. Do you have any plans for handling your business after the anti-slot-machine law becomes effective?

Mr. JESKE. Yes, sir; we do.

Mr. HALLEY. Can you disclose them?

Mr. JESKE. As of this afternoon we undoubtedly will not manufacture any more machines. I understand this afternoon that bill went through.

The CHAIRMAN. Was it signed by the President, or did it go through finally?

Mr. JESKE. No; it was not signed by the President. It was awaiting the President's signature.

Mr. HALLEY. Will you be opening a plant in Nevada?

Mr. JESKE. Our present plans are not to do anything further with slot machines.

Mr. HALLEY. You are going out of the slot-machine business entirely?

Mr. JESKE. Yes, sir. Right after the bill was introduced by Senator Johnson we began making plans for defense work. We have constantly added to our operations there from the standpoint of ultimately doing nothing but defense work. Our present going set-up is 90 percent defense work.

Mr. ROBINSON. Do you know whether any of the other manufacturers plan to open up a plant in Nevada?

Mr. JESKE. No; I do not.

The CHAIRMAN. Well, does the Association of Coin Manufacturers have any program that they recommend for these 10 companies out here whereby they can carry on making slot machines?

Mr. JESKE. No. If they have, I wouldn't know of it, because O. D. Jennings & Co. resigned from the association some months back.

The CHAIRMAN. I see. All right. Thank you, sir.

(Witness excused.)

The CHAIRMAN. In order for the chairman to get to Washington in the morning, it is going to be necessary that I catch a 7 o'clock plane. Do you have any short witnesses you can call?

Well, gentlemen, I guess we don't have any short witnesses that we can call. We have many witnesses who haven't been called, and a good many who are sick and haven't been here. I suppose, with this afternoon's session, this will conclude for the time being anyway the Chicago phase of our hearing. I am sorry that we had to cut it short, but the other members of the subcommittee handling the civilian defense legislation are ill, and cannot be there, and I have been advised that unless it be presented tomorrow, unless I do the presenting, the bill will have to go over until the next session, for which I can't take the responsibility.

The Chicago staff of the committee will remain here for some days to complete and wind up affairs, and a continuing vigorous effort will be made to locate the witnesses whom the committee has subpoenaed. They, together with the witnesses who have been sick and have been unable to appear with such other witnesses as we think are relevant and their testimony relevant, as time goes on, after we get other witnesses, it will probably be necessary for us to subpoena witnesses to follow out what they might have to say.

These witnesses will either be brought to hearings in Washington or somewhere else. Or, there is some possibility we might come back out to Chicago, but we will try to hear the important and necessary witnesses.

I want to renew what I have said before to the effect that witnesses who are avoiding subpoena, that we will persist in our effort to find them, to get resolutions passed in Congress for their arrest, for the committee, wherever they may be found. I think I can safely say they are not profiting by avoiding the service of the committee, because we are going to continue every possible effort to locate them and get their testimony.

Some witnesses who were excused for cause of illness were not here and will be heard at a later time.

In testimony in other parts of the country we will, of course, go into many Chicago angles of our investigation that will be of interest to you in Chicago. We have already scheduled hearings for Tampa, Fla., the date of which has been announced, and there are about 8 or 10 other cities in the country in which we will have hearings, additional hearings, before we finish.

I think I should point out that our basic aim in this hearing has been to outline the pattern of those elements of interstate crime which has been centered here in Chicago. We cannot and we haven't

attempted to go beyond the broad outlines into extensive detail of the pattern of other than interstate crime. We cannot, necessarily, go into all local situations that are of interest, but we have a great deal of information, and Mr. Robinson and members of the staff will be here to continue cooperation with State and local enforcement officers.

We want to express our gratitude to the assistance which has been given us by Federal, State, and local, county officers, and the Chicago Crime Commission, and the many interested citizens.

We feel that we have firmly established and that we have proved, and of course we will prove further, the basic thesis that there is a powerful network of interstate crime in the country. An illustration of that network is the record of Tony Accardo and Jack Guzik setting forth their alleged loss in the operations of the S. & G. Syndicate in Miami. Thus, a trail which the committee started in Miami has led us directly across State boundaries up to Illinois, and so the repeated allegations that Chicago elements have transacted business in Florida have been again amply confirmed.

We have similarly shown that other patterns of interstate crime, like policy wheels, are also considerably centered in Chicago. This is illustrated by the dictaphone conversation of the Chicago-Dallas phone call on corrupt operations, and the attempt to corrupt law-enforcement officials in Dallas and Dallas County.

Other patterns of interstate gambling are the dice tables operated in Saratoga, Bergen County; also in Miami, in which people from different parts of the United States have an interest.

I think it is safe to say—I think I should say—that our investigation and the evidence we have leads us to the conclusion that Chicago, because of its size, being the crossroads of the country, large population, transportation center, and large number of visitors, fluctuating, floating population, and for many other reasons, is one of the most important and vital centers in the organized-crime picture.

That is true also because of the fact that the wire service, which itself is legal, is operating here, but I think we have shown that while the wire service itself may be legal the users of it and the people that worm their way into some elements of it are engaged in criminal activities.

It is also quite apparent that over a period of many years some criminal elements have gotten considerable foothold into economic and to some extent political activities in this section, but the committee is very happy to find that very strenuous effort is being made and substantial progress is being accomplished in weeding these people out, eliminating their influence. But it is going to be a hard and a very difficult and will have to be a continuing fight and effort on the part of the people of this section.

We hope that our investigation up to this time and our later investigation may have some help in bringing information which will be of assistance to the people and to enforcement officers.

We hope that legislation that we might recommend will be of some assistance in reducing the difficulties to local proportions so that they can be more readily handled by local enforcement officers. But, of course, in the long run, as I have stated so often, the rest of it is a local job and can only be done by local people, and that is the way, of course, it should be done.

I think you are very fortunate here in that you have in Chicago a very vigorous, competitive, and enterprising and watchful press. Some of us have been irritated occasionally. Poor Mr. Robinson has had a very difficult thing with the eagerness of the press. But you have been very generous with us, helpful always, and we are grateful to you.

The press and the radio, and the courageous presentation of whatever criminal activity may be presented and also giving a pat on the back to public officials and police officials when they do a good job, is a most important part in the public effort to clean up crime and to have better law enforcement.

So, with a good press like you have here and awakened spirit on the part of your people and increased influence and eagerness on the part of the public officials, I know that you can and will continue to improve conditions here in Chicago.

Our staff has done the best we could. I am most grateful to them, to the marshal, the superintendent of the building, all the people who have been so good to us.

Mr. Lee, you have a question?

Mr. ED LEE. I don't know whether this is a question, but there are a few matters not cleared up, I believe. No 1, has your staff in its work found any other police captains outside of Tom Harrison with income other than a police department's salary or any questionable income?

The CHAIRMAN. In that connection, I can't go on answering too many questions, but I am glad you asked that question.

Mr. Robinson has interviewed, and the members of the staff, a great many police officials. We have found none.

Mr. LEE. Found what?

The CHAIRMAN. I say there is some information about some few police officials that should be investigated by their superiors. We have found nothing in their records and their questioning which ties any of these things up with organized or out-of-State crime. That is we found nothing that wasn't purely of local nature.

Mr. LEE. That is the reason then that Captain Harrison appeared to be singled out from the whole police department for public treatment?

The CHAIRMAN. His gifts were tied up with the wire-service people.

We will be developing other parts of the Chicago picture. I am grateful for the good audience we have had here and for the help of all of you. So until the next meeting, this committee will be adjourned.

(At 5:45 p. m., December 20, 1950, the committee adjourned, subject to call of the Chair.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

FRIDAY, JANUARY 5, 1951

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
Washington, D. C.

The committee met, pursuant to call of the chairman, at 10:05 a. m., in room 457, Senate Office Building, Senator Estes Kefauver (chairman) presiding.

Present: Senators Kefauver, Tobey, and Wiley.

Also present: Rudolph Halley, chief counsel.

The CHAIRMAN. The committee will come to order.

This is a continuation of a hearing we had in Chicago. Let the record show that Senators Tobey and Wiley and the chairman are present.

Our witness today is to be Tony Accardo. Is Mr. Accardo here?

Mr. GEORGE F. CALLAGHAN. The witness is present. I am his counsel.

The CHAIRMAN. All right, Mr. Callaghan, we will be glad to have him.

Mr. CALLAGHAN. Might I ask, Mr. Chairman, if this device is a national hook-up on radio?

Senator TOBEY. You compliment us.

Mr. CALLAGHAN. I do not know whether it is. It says "NBC." If it is, I decline to testify or I decline to have my client testify, before it.

The CHAIRMAN. Mr. Callaghan, of course, we are arranging the hearing here, and—

Mr. CALLAGHAN. We are perfectly willing to give our testimony to the committee, but not to the Nation.

The CHAIRMAN. This is an open hearing, Mr. Callaghan, and so the committee arranges the hearing as to how we proceed.

Mr. CALLAGHAN. Might I have an answer to the inquiry as to whether or not it is a hook-up on radio?

The CHAIRMAN. I do not know whether it is a hook-up or not. It is to make a recording; it is not a live hook-up.

Mr. CALLAGHAN. That is, it is not a radio broadcast.

The CHAIRMAN. It is to be made as a recording, and parts of it may be used, but it is not a national hook-up as now presented.

Mr. CALLAGHAN. I want the record to show that simply as an addition to the atmosphere of this hearing.

The CHAIRMAN. All right, Mr. Callaghan. This is an open hearing, and radio has a right to be represented, if they want to be, and if the committee permits them.

Mr. Callaghan, give your name and address in Chicago.

Mr. CALLAGHAN. George F. Callaghan; 105 West Adams Street.

The CHAIRMAN. You appeared with a client before the committee in Chicago?

Mr. CALLAGHAN. With a client before the committee.

The CHAIRMAN. Mr. Accardo, will you hold up your hand to be sworn. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ACCARDO. Yes, sir.

**TESTIMONY OF ANTHONY J. ACCARDO, ALIAS JOE BATTERS,
CHICAGO, ILL., ACCOMPANIED BY GEORGE F. CALLAGHAN,
ATTORNEY, CHICAGO, ILL.**

Mr. CALLAGHAN. Mr. Chairman and members of the committee, I know that the Senate is in session, and that this chairman and the members of this committee are extremely busy.

In order to expedite the work of this committee, I would like to make a preliminary statement here which may, I think, save a lot of time.

The CHAIRMAN. All right, Mr. Callaghan.

Mr. CALLAGHAN. Many statements have appeared in the press which have been attributed to this committee, its counsel, or its investigators, condemning the conduct of Mr. Accardo, and dubbing that conduct unlawful.

Other statements have appeared of a purely personal nature concerning his private affairs that have no connection with this inquiry.

His income, its extent, and its source, have been the subject matter of several hearings of this committee.

In this atmosphere, Mr. Accardo feels that the questions to be asked of him must, of necessity, be of two classes: first, questions the answers to which might tend to incriminate him, or, secondly, questions which are not pertinent to this inquiry.

That being the situation with which the witness is confronted, he has asked me to advise this committee, in the interest of saving time here, that he will, to those questions which may be pertinent to the inquiry, the answers to which may tend to incriminate him, refuse to make answer, and that he will further refuse to make answer to all questions which are not pertinent to this inquiry which seek to pry only into his private personal affairs.

Now, may we understand, Mr. Chairman, as we did in Chicago, that before we begin this inquiry, that where the witness refuses to answer a question, his refusal is predicated upon two grounds: first, that to answer the question might tend to incriminate him and, secondly, that he refuses to answer on the ground that the question is not pertinent to the inquiry.

I ask that in the interest of a time-saving device because you, on a previous occasion, asked me if I would save the necessity of each time directing the witness to answer. I am perfectly willing to do that, provided it be understood that those two objections stand to each one of the questions that may be asked.

The CHAIRMAN. All right, Mr. Callaghan. The committee will judge which questions are pertinent and which questions are not.

We will have it understood with you, if your client understands, that if he refuses to answer a question, that the grounds of his refusal are that he thinks it would incriminate him or that it is not pertinent to this inquiry. But, of course——

Mr. CALLAGHAN. Both objections may stand to each question.

The CHAIRMAN. And that will alleviate the necessity of the chairman's directing the witness to answer a question where he refuses to answer.

Mr. CALLAGHAN. Yes, sir.

The CHAIRMAN. Does your client understand it?

Mr. CALLAGHAN. I think so.

You understand that, do you?

Mr. ACCARDO. Yes, sir.

The CHAIRMAN. All right, Mr. Callaghan, that is all. You may take a seat.

Mr. Halley, will you proceed with your examination.

Mr. HALLEY. What is your name?

Mr. ACCARDO. Sir?

Mr. HALLEY. What is your name?

Mr. ACCARDO. Anthony J. Accardo.

Mr. HALLEY. Are you known by any other name?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Have you ever been known by the name of Joe Batters?

The CHAIRMAN. You understand, Mr. Accardo, that the question was, have you ever been known by any other name, or have you had an alias. You refuse to answer, and the chairman directs you to answer, but we are not going through that formality upon the statement of your counsel that where you refuse to answer you will assume that the chairman has directed you to answer, and that you still refuse?

Mr. ACCARDO. Yes, sir.

The CHAIRMAN. Proceed, Mr. Halley.

Mr. ACCARDO. Do I have to stand in front of these pictures at all times?

The CHAIRMAN. No, they will be through in a moment.

Mr. HALLEY. Have you ever been known as Joe Batters?

Mr. CALLAGHAN. We object to the proceeding here.

The CHAIRMAN. The committee is running the proceedings.

Mr. CALLAGHAN. I would like the record to show that there are five photographers here.

Senator TOBEX. There are sometimes twenty.

Mr. CALLAGHAN. I want the record to show what the situation is.

The CHAIRMAN. All right. The record will show what the situation is.

Mr. HALLEY. Have you ever been known by the name of Joe Batters?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Mr. Chairman, before proceeding further, in view of the statement made by counsel, and the refusal of his client to answer even the most obviously—the refusal of the witness to answer the most obviously—proper and not incriminating question, I would like at this time to offer in evidence a chart which summarizes matters now on record before the committee, and to make a statement with reference to it, the purpose being to bring before the committee the relevance of the questions which will follow.

The CHAIRMAN. The chart can be filed, and you will ask the witness about the chart, is that it?

Mr. HALLEY. I will ask the witness about the chart, and if he refuses to answer, I will make certain statements.

(The chart referred to was marked "Exhibit No. 68" and appears in the appendix on p. 1415.)

Mr. HALLEY. Do you know Al Capone, or did you know him?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Mr. Chairman, the committee's record, as we all know, shows that Al Capone was a leader of an infamous gang of criminals.

Mr. CALLAGHAN. I submit that Mr. Halley be sworn if that is going into the record as evidence.

The CHAIRMAN. Mr. Callaghan, you make your objections to the chairman.

Mr. CALLAGHAN. I am making my objection to the chairman. I submit to the chairman—

The CHAIRMAN. That is right; counsel has a right to give background and the reasons why questions are asked.

Mr. HALLEY. Do you know Frank Nitti, or did you know him?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Mr. Chairman, the record shows that after the death of Al Capone, Frank Nitti assumed the mantle of the so-called Capone gang, and that Frank Nitti was found dead, apparently a suicide, with a gun in his hands.

Do you know Paul Ricca?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Mr. Chairman and members of the committee, the record of this committee shows that then the mantle of the Capone gang descended upon Tony Accardo, the witness, and Paul Ricca.

Do you know Harry Russell?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Were you ever in partnership with Harry Russell?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Mr. Chairman, the record of this committee shows that Tony Accardo and Harry Russell were partners in a bookmaking business in the city of Chicago.

Now, Mr. Accardo, did you ever have any—

The CHAIRMAN. Let us get this picture-taking over with.

Mr. HALLEY. Mr. Accardo, did you ever have any connection, direct or indirect, with the Trans-American News Service?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you ever hear of the Trans-American News Service?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Do you know Pat Burns?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Do you know Hymie Levin?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Mr. Chairman, the record of this committee shows certain relationships between Tony Accardo and the Trans-American News Service.

Mr. Accardo, did you know the late James Ragen, who was murdered?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you ever hear of James Ragen?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Do you know whether or not it was a matter of public knowledge in Chicago that James Ragen was murdered?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Mr. Chairman, the record of this committee shows that James Ragen complained under oath to the district attorney of Cook County, that Mr. Accardo and others had approached him and desired him to give them 40 percent of the Continental Press Service in return for their protection.

The CHAIRMAN. At that point ask the witness if that is true.

Mr. HALLEY. Did you ever ask anybody to approach Mr. Ragen in connection with the Continental Press Service?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Do you know Dan Serritella?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you ever tell Dan Serritella—

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. You had better let me finish the question first.

The CHAIRMAN. I think you had better get the question before you decide whether you refuse to answer.

Mr. HALLEY. Did you ever tell Dan Serritella that you wanted to see Ragen so that you could talk to him about getting a 40-percent interest in either Continental Press or the Midwest News, a subsidiary of Continental Press?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Mr. Chairman, the record of Ragen's statements to the district attorney makes such assertions. In the same statement Ragen stated that his reason for making the statement was that he feared he would be assassinated. Our records show that Ragen was assassinated shortly thereafter.

Now, Mr. Accardo, did you ever hear of the R. & H. News Service?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you ever hear of the R. & H. Publishing Co.?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Do you know or do you not know whether or not the R. & H. Publishing Co. is engaged in the business of disseminating racing news information in Chicago by wire?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Do you know or do you not know that R. & H. Publishing Co. financed the operations of Trans-American News Service?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Mr. Chairman, our records show that at our Chicago hearings the R. & H. Publishing Co., shown on this chart, did finance the operations of Trans-American to a great extent.

Now, Mr. Accardo, have you ever been in Miami Beach, Fla.?

Mr. ACCARDO. Yes, sir.

Mr. HALLEY. Have you ever been in Miami, Fla.?

Mr. ACCARDO. Yes, sir.

Mr. HALLEY. Do you know William "Butsy" O'Brien?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Have you ever heard of William O'Brien?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Have you ever heard of the same man under the name of Walter Keogh?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Have you ever heard of the Intrastate News Co.?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Have you ever heard of the Dade County News Co.?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Mr. Chairman and members of the committee, the record of our committee shows that during the operations of Trans-American, O'Brien operated as one of their outlets, making substantial and regular payments to Trans-American from Miami; that after the discontinuation of the Trans-American competitor operation, O'Brien continued as the representative of the Continental News Service; that in 1949, in the month of March—I am sorry, at the end of February, 1949—the wire service to the S. & G. Syndicate, a news distributing and bookmaking syndicate, in Miami, was cut off, and our records show that that was done on the orders of O'Brien.

Now, Mr. Accardo, do you know John Patton?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Have you ever been in the city of Burnham, Ill.?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you ever hear of the "Boy Mayor of Burnham?"

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you ever hear John Patton described as the "Boy Mayor of Burnham?"

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Were you ever at any dog track in the State of Florida?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Do you know William H. Johnston?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you know that Johnston and Patton were partners in various dog-track ventures in the State of Florida?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Mr. Chairman, the committee's record shows that Accardo and Patton are known to each other and have been for many years.

The committee's record shows that Patton and Frank Nitti were arrested together many years ago, together with other members of the Capone gang.

The record shows that Johnston and Patton were associated together in the dog-track ventures in Florida.

Now, Mr. Accardo——

Mr. CALLAGHAN. May I respectfully suggest to this committee that apparently Mr. Accardo is not needed here as a witness. Mr. Halley knows all of the answers.

The CHAIRMAN. All right, Mr. Callaghan, you just keep your seat.

Mr. HALLEY. Mr. Accardo, do you know an investigator, a special investigator, for the Governor of Florida named "Bing" Crosby?

Mr. ACCARDO. No, sir.

Mr. HALLEY. Have you ever heard of Crosby?

Mr. ACCARDO. No, sir.

Mr. HALLEY. Did you know in the year 1948 that William H. Johnston had made very substantial contributions to the campaign fund of Fuller Warren for Governor of the State of Florida?

Mr. ACCARDO. No, sir.

Mr. HALLEY. That was never told to you?

Mr. ACCARDO. No, sir.

Mr. HALLEY. Do you know William H. Johnston?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Were you ever told that during the month of March and the month of February 1949 the Governor's investigator, Crosby, caused investigations to be made, and raids to be made, on various bookmaking establishments serviced by the S. & G. Syndicate?

Mr. ACCARDO. No, sir.

Mr. HALLEY. That never came to your knowledge?

Mr. ACCARDO. No, sir.

Mr. HALLEY. Have you ever read the newspaper reports of this committee's records?

Mr. ACCARDO. I do not remember.

Mr. HALLEY. Now, Mr. Accardo, did you ever own a yacht called the *Clara Jo*?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Is it not a fact that in the month of February 1950, after the matters about which we have been talking, you sold the yacht, the *Clara Jo*, to the S. & G. Syndicate?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you know a man named Harry Russell, or do you now know him?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Were you ever in business with Harry Russell?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Is it not a fact that you and Harry Russell were partners in a bookmaking business in Chicago, Ill.?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Is it not a fact that during the years 1940 to 1945 you and Harry Russell were partners in a bookmaking establishment in Chicago?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Were you aware of the fact that Harry Russell became a partner in the S. & G. Syndicate?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. And that this occurred during the month of March 1949?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Are you aware of the fact that Harry Russell became a partner in the S. & G. Syndicate after the events about which you have refused to testify, but which the committee record shows, namely, the cut-off of the wire service to S. & G. by O'Brien, and the raids on the S. & G. by Crosby, the special investigator for the Governor of Florida?

Mr. CALLAGHAN. I submit that is an unintelligible question that no one can answer.

Mr. HALLEY. Well, I will state the facts again, because I am committed to do it.

Mr. CALLAGHAN. I ask that the counsel have the question read instead of——

The CHAIRMAN. Let the question be read again. Will you read the question again, Mr. Reporter.

(The question was read.)

Mr. CALLAGHAN. I submit that is a speech and not a question.

The CHAIRMAN. Do you understand the question?

Mr. ACCARDO. I refuse to answer.

The CHAIRMAN. Apparently, Mr. Callaghan, it would not make any difference whether he knew the question or not.

Mr. CALLAGHAN. He refuses to answer the question, Mr. Chairman. The purport of his refusal was his refusal to answer the question propounded by Mr. Halley, not your question of whether or not he understood the question.

The CHAIRMAN. Very well. Continue, Mr. Halley.

Mr. HALLEY. Mr. Accardo, is it not a fact that Harry Russell became a partner in the S. & G. Syndicate, that you then sold your yacht, the *Clara Jo*, to the S. & G. Syndicate for \$20,000?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Is it not a fact that Harry Russell paid the S. & G. Syndicate \$20,000 for his interest in the S. & G. Syndicate?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Have you ever heard that statement?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you ever discuss the S. & G. Syndicate with Harry Russell?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you ever own a boat called the *Clara Jo*?

Mr. CALLAGHAN. That has been asked and answered twice.

Mr. HALLEY. I have the right to ask that question at least twice before it becomes superfluous.

Mr. ACCARDO. I refuse to answer.

The CHAIRMAN. Have you ever heard of a yacht called the *Clara Jo*?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Mr. Chairman, there are two checks in the sum of \$5,000 each, and each one bears the endorsement, "Anthony J. Accardo."

May these be shown to the witness, and to ask him to identify his signature on the back of those checks?

(The documents were shown to the witness.)

Mr. HALLEY. I might state for the record that they are photostatic copies of the original checks.

Mr. CALLAGHAN. What is the question, Mr. Halley?

Mr. HALLEY. Is the endorsement on the back of each of those checks your endorsement, Mr. Accardo?

Mr. ACCARDO. I refuse to answer.

The CHAIRMAN. Let us identify the checks more in detail.

Mr. HALLEY. Mr. Chairman, may the record show that the checks are two checks, each in the amount of \$5,000, from the S. & G. Service—S-e-r-v-i-c-e—each one to the order of Tony Accardo, signed by Sam Friedman and Leo Levitt.

Senator TOBEY. The date?

Mr. HALLEY. They are dated February 2, 1950, and February 9, 1950; the one dated February 2 bearing the number 2700; the second

check bearing the number 2701, and both drawn on the Miami Beach First National Bank of Miami Beach, Fla.

Mr. CALLAGHAN. May I see those, Mr. Halley, just an instant? Mr. Chairman, may I see them?

The CHAIRMAN. Let us get the purported endorsement on the back.

Mr. HALLEY. The endorsement purports to be, on each one, "Anthony J. Accardo," and then a stamped endorsement below that "For deposit only, John Rybovich & Son Boat Works."

The CHAIRMAN. Let these check be made exhibits.

(The photostats of checks referred to were marked "Exhibit No. 69," and appear in the appendix on p. 1416.)

The CHAIRMAN. Mr. Callaghan, do you want to examine the checks?

Mr. CALLAGHAN. May I, please? Thank you.

The CHAIRMAN. Ask Mr. Accardo again if that is his endorsement.

Mr. CALLAGHAN. Thank you, sir.

The CHAIRMAN. Mr. Accardo, you have heard the description of the checks and you have seen the checks which are in evidence. Is that your endorsement on the back of those checks?

Mr. ACCARDO. I refuse to answer, sir.

Mr. HALLEY. Now, Mr. Accardo, is it not a fact that after March 1949, when Harry Russell became a partner in the S. & G. Syndicate, you also became a partner in the S & G Syndicate?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you ever hear of a partnership known as Accardo and Guzik?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Is it not a fact that you personally received an interest in that partnership known as Accardo and Guzik, and that that partnership did have an interest in the S. & G. Syndicate?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Is it not a fact that the very same S. & G. Service, which made the checks which are now in evidence, is listed by you on your income tax return, your partnership income tax return, for 1949 as an investment of the partnership of Accardo and Guzik?

Mr. CALLAGHAN. I object, Mr. Chairman, to the disclosure of what appears on this man's income tax return. It is a violation not only of the President's order, but of the statute.

The CHAIRMAN. He is asking the witness about it. If the witness wants to answer what the charge was of the income tax, the investment, he can do so.

Mr. CALLAGHAN. Mr. Halley is asking him whether or not it is a fact that certain things appeared in his income tax return, and I am objecting to what appears in his income tax returns.

The CHAIRMAN. Your objection is overruled.

Mr. Reporter, will you please read the question?

(The question was read.)

Mr. ACCARDO. I refuse to answer.

Mr. CALLAGHAN. I would like the record to show in addition to the previous objections, an additional objection, that we now object to that because it involves a disclosure of what appears on his income-tax returns.

The CHAIRMAN. Your objection is noted.

Mr. HALLEY. Didn't you, as a partner of Accardo and Guzik, personally sign an income tax return for the year 1949?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Were you a partner of Jack Guzik in 1949?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Were you a partner in any syndicate, partnership, or other group having an investment in the S. & G. Syndicate?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you not suffer a loss of \$7,240, attributed by you to the S & G Syndicate in 1949?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Now, Mr. Chairman, the record of the committee shows that the *Clara Jo* was purchased in 1950 from Tony Accardo by the S. & G. Syndicate for \$20,000, and the record also shows that the partnership of Accardo and Guzik took a tax loss of seven thousand-some-odd dollars on an investment described by Accardo as S. & G. Service, the same name which appears on the check to Accardo in payment for the *Clara Jo*.

Now, Mr. Accardo, you know Paul Ricca, do you not?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. In fact, were you not indicted for visiting Paul Ricca in a Federal penitentiary at a time when you used an assumed name?

Mr. CALLAGHAN. I submit this is not pertinent to this inquiry, Mr. Chairman. That is a matter of record of the district court of the United States.

The CHAIRMAN. Well, Mr. Callaghan, I do not know if you have followed the testimony, but the facts were, I think, that your client got Mr. Bernstein in touch with these men when they were in Leavenworth, so it is pertinent to our inquiry.

Mr. CALLAGHAN. And, as a result of that inquiry an indictment was returned, and he was found not guilty by that jury.

The CHAIRMAN. Well, he might testify about it, Mr. Callaghan. Let him testify about it. The question was whether he was indicted, and you can make any explanation about it that he wants to.

Mr. HALLEY. Will you read the question and let the witness answer? (The question was read by the reporter.)

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Do you know an attorney named Eugene Bernstein?

Mr. ACCARDO. Yes, sir.

Mr. HALLEY. Has he represented you for approximately 10 years on various matters?

Mr. ACCARDO. He has represented me; but how long I don't know.

Mr. HALLEY. Did you ever discuss with Eugene Bernstein the tax case of the United States against Paul Ricca?

Mr. CALLAGHAN. I submit, if the Chair pleases, that he does not have to divulge to this committee anything he discussed with his counsel.

The CHAIRMAN. Mr. Callaghan—

Mr. CALLAGHAN. That he may claim the privilege in that connection.

Mr. HALLEY. Mr. Chairman, before you rule, I think again the reason for the chart is to show the pertinency of these questions and, perhaps, that should be done now.

The record of this committee shows that Accardo was very active in obtaining the release of Ricca and certain other Capone gangsters from the Federal penitentiary, and their parole, as well.

The record of the committee also shows that subsequent to Russell's becoming a partner in the S. & G. Syndicate, the dog tracks heretofore referred to, headed up by Patton and Johnston, through a salaried employee, Hugo Bennett, who had no assets of his own of any substantial nature, made available to Paul Ricca \$80,000, of which the committee, in its various hearings, has traced \$75,000 directly to the dog tracks or people specifically concerned with the management of the dog tracks, and the other five thousand are found to be the personal funds of Bennett, an employee of Johnston and the dog track.

Senator TOBEY. Mr. Counsel, does the record show that methods, ways, and means he used to exercise his influence to aid these criminals?

Mr. HALLEY. We have just attempted through the chart to show the line of demarcation through the Trans-American Press, the R. & H., and William "Butsy" O'Brien, who ordered the cut-off of the wire service to S. & G.

We have attempted also to show the relationship between Accardo and Ricca, and the dog track, Patton and Johnston.

We have heretofore shown a very substantial political contribution made by Johnston and his family and friends to the campaign of the Governor of Florida in 1948.

We have heretofore shown that the Governor of Florida appointed a man named "Bing" Crosby, as a special investigator; that, at the same time, the wire service was being cut off by O'Brien on this side of the chart, Crosby went to a number of bookmaking establishments operated by S. & G.; that these bookmaking establishments were pointed out to Crosby by Russell, and they were raided.

The Committee is being asked to draw the conclusion that, as a result of these pressures, Russell became a partner of S & G; that Accardo and Guzik became partners of S. & G.; that the *Claro Jo* yacht was bought for \$20,000, exactly the price for which, on the record, Russell is supposed to have paid for his participation in S. & G.; and \$80,000 were paid to Paul Ricca through a subterfuge.

Senator TOBEY. This is the same Russell who is in contempt of the Senate?

Mr. HALLEY. It is. He is now under indictment, and that is your counsel's argument as to the relevance of these questions.

The CHAIRMAN. Now, the question was whether Mr. Accardo talked with Bernstein relative to getting these people out of Leavenworth or also, perhaps, with reference to the settlement of their tax case.

Let us rephrase the question and just ask what negotiations did you have with Mr. Bernstein with reference to these other people? That was not a charge against you; it was a matter you were arranging about somebody else. Do you want to tell the committee about that?

Mr. ACCARDO. I will have to refuse to answer.

The CHAIRMAN. Go ahead, Mr. Halley.

Mr. HALLEY. Do you know Hugo Bennett?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Do you not know that Hugo Bennett is the auditor for the Patton-Johnston dog tracks?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you know Edward O'Hare, who was killed shortly after leaving Sportsmans Park Race Track in Chicago in 1931?

Mr. ACCARDO. No, sir.

Mr. HALLEY. Did you ever meet Eddie O'Hare?

Mr. ACCARDO. No, sir.

Mr. HALLEY. Did you know that Johnston and Patton purchased O'Hare's interest at the dog tracks?

Mr. CALLAGHAN. What name, Mr. Halley? Johnston——

Mr. HALLEY. Johnston and Patton purchased O'Hare's interest in the dog tracks.

Mr. ACCARDO. I know nothing about their transactions.

Mr. HALLEY. You know nothing about their transactions?

Mr. ACCARDO. No, sir.

Mr. HALLEY. But you do know them?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. When were you last in Paul Ricca's house in the State of Illinois? He has a farm, does he not?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. When did you last see Paul Ricca?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you persuade Hugo Bennett, John Patton, or William H. Johnston to lend to Paul Ricca \$80,000?

Mr. ACCARDO. I did not persuade anybody to lend anybody anything.

Mr. HALLEY. Well, did you know that such a loan was being made?

Mr. ACCARDO. I don't know anything about it.

Mr. HALLEY. Did you ever discuss such a loan with Paul Ricca?

Mr. ACCARDO. No, sir.

Mr. HALLEY. Did you see Paul Ricca since 1949?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. You know, do you not, that Paul Ricca is a man of great wealth?

Mr. ACCARDO. According to the paper.

Mr. HALLEY. Do you not know it of your own knowledge?

Mr. ACCARDO. No, sir.

Mr. HALLEY. Did you not know that he had a farm valued at several hundred thousand dollars?

Mr. ACCARDO. It was in the papers.

Mr. HALLEY. Did you not know that he had \$300,000 in cash when he left Leavenworth?

Mr. ACCARDO. Did I know it?

Mr. HALLEY. Yes. I asked did you know it.

Mr. ACCARDO. No, I don't know.

Mr. HALLEY. Did you ever discuss with Paul Ricca his assets?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Is it not a fact that a loan of \$80,000 to Paul Ricca during 1949 and 1950 was, in fact, the payoff?

Mr. ACCARDO. I don't understand you by payoffs.

Mr. HALLEY. Well, was it not a subterfuge and, in fact a payment to Ricca rather than a loan?

Mr. ACCARDO. I still don't understand it.

Mr. HALLEY. Is it your testimony that you know nothing about the loan to Ricca?

Mr. ACCARDO. That is right.

Mr. HALLEY. Do you know Ricca?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Now, Mr. Chairman, that concludes the testimony with regard to Accardo's activity in connection with the S. & G. Syndicate.

With the permission of the committee, unless the committee at this point desires to ask questions about this phase of the matter, I would turn to other work.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. All I would like to say, Mr. Chairman, is that I sat here with feelings of rising disgust, and listened to a man come before this committee, and through his answers or refusal to answer, insult this committee and its counsel; and I think it is a new low in the conduct of witnesses before this committee, and we have had some tough ones.

I am sore about it. I feel bitter about it.

Here is a Senate committee of the United States, a special committee to investigate crime, and men ought to come before us and cooperate for the good of the country. Instead of that they take refuge behind this silly answer. "I refuse to answer." And so, with a feeling of disgust in my heart toward the witness' attitude and that of his counsel, I move you, sir, that he be cited for contempt.

The CHAIRMAN. Well, Senator Tobey—

Mr. CALLAGHAN. May I, as his counsel, answer the Senator?

The CHAIRMAN. Senator Tobey, we will have other questions to ask him.

Senator TOBEY. I will hold that motion pending, and let the hearing proceed.

The CHAIRMAN. Senator Wiley, do you have any questions to ask at this stage?

Senator WILEY. Are you a citizen of this country?

Mr. ACCARDO. Sir?

Senator WILEY. Are you an American citizen?

Mr. ACCARDO. Yes, sir.

Senator WILEY. Were you born here?

Mr. ACCARDO. Yes, sir.

Senator WILEY. Where?

Mr. ACCARDO. Chicago, Ill.

Senator WILEY. How long ago?

Mr. ACCARDO. Forty-four years ago.

Senator WILEY. Now, why did you evade for such a long time the subpoena of this committee?

Mr. ACCARDO. I refuse to answer.

Senator WILEY. Were you in hiding?

Mr. ACCARDO. I refuse to answer.

Senator WILEY. Were you in contact with any other individual who also was evading the subpoenas?

Mr. ACCARDO. I refuse to answer.

Senator WILEY. Did you have any understanding with anyone in relation to avoiding the subpoenas?

Mr. ACCARDO. No, sir.

Senator WILEY. Well, now, something was said about making campaign contributions. We have found in a number of places that men interested in crime have found it advantageous to themselves to make contact with public officials.

Now, I want to ask you whether you have ever made financial contributions, directly or indirectly, in money or any other form to any candidates for Federal, State, or local office?

Mr. ACCARDO. None whatsoever.

Senator WILEY. Have you ever made any financial gifts to any office holder in Federal, State, or local office?

Mr. ACCARDO. No, sir.

Senator WILEY. Now, my questions said "directly or indirectly." Do you understand that; do you?

Mr. ACCARDO. Yes, sir.

Senator WILEY. You have not been interested in who was holding office, Federal or State?

Mr. ACCARDO. I might have helped one side or the other.

Senator WILEY. What constituted help?

Mr. ACCARDO. In getting votes.

Senator WILEY. When you say "getting votes," what were the means that were used?

Mr. ACCARDO. Asking my friends.

Senator WILEY. Making contributions?

Mr. ACCARDO. No, sir; just voting.

Senator WILEY. Did you get any particular favors from any candidate that you supported?

Mr. ACCARDO. No, sir.

Senator WILEY. Would you name any candidates that you supported?

Mr. ACCARDO. I refuse to answer.

Senator WILEY. You refuse to answer?

Did you vote in any election yourself personally?

Mr. ACCARDO. No, sir.

Senator WILEY. Why not?

Mr. ACCARDO. I just did not exercise my rights.

Senator WILEY. You did not exercise your right to vote, you mean?

Mr. ACCARDO. Yes, sir.

Senator WILEY. You did not think it important; is that right?

Well, now, you heard the statement of counsel. Have you been connected with gambling?

Mr. ACCARDO. I refuse to answer on that.

Senator WILEY. In the narcotics transactions—have you been in the narcotics transactions?

Mr. ACCARDO. No narcotics; nothing with narcotics.

Senator WILEY. What is that?

Mr. ACCARDO. Nothing to do with narcotics.

Senator WILEY. With organized prostitution?

Mr. ACCARDO. No, sir.

Senator WILEY. Do you belong to the Mafia?

Mr. ACCARDO. I don't know what the Mafia is all about.

Senator WILEY. Well, were you interested in the numbers racket?

Mr. ACCARDO. I refuse to answer.

Senator WILEY. Of course, you readily understand that such an answer is virtually saying that you have been, isn't that true?

Mr. ACCARDO. I do not know how you take it.

Senator WILEY. What is that?

Mr. ACCARDO. I don't know what your opinion is on taking it, which way.

Senator WILEY. Counsel asked you whether you knew certain individuals. I think he mentioned Frank Costello, Frank Erickson, Charles Fischetti, Joe Adonis, and your answer is you did not know them, or you refused to answer them.

Mr. ACCARDO. I was never asked, but I will refuse to answer on that.

Senator WILEY. You refuse to answer on that.

Are you married?

Mr. ACCARDO. Yes, sir.

Senator WILEY. Do you have a family?

Mr. ACCARDO. Yes, sir.

Senator WILEY. Do you have children?

Mr. ACCARDO. Yes, sir.

Senator WILEY. How many?

Mr. ACCARDO. Four.

Senator WILEY. How old are they?

Mr. ACCARDO. The oldest is 14.

Senator WILEY. What is your business?

Mr. ACCARDO. I refuse to answer.

Senator WILEY. Won't it be important for your children to know what your business is?

Mr. ACCARDO. Well, to a certain extent it is, so I am taking the constitutional rights and refusing to answer.

Senator WILEY. Were your parents born in this country?

Mr. ACCARDO. No, sir.

Senator WILEY. They came from where?

Mr. ACCARDO. From Italy.

Senator WILEY. Sicily?

Mr. ACCARDO. Yes, sir.

Senator WILEY. Are they living?

Mr. ACCARDO. My dad is dead.

Senator WILEY. Are you interested in the general welfare of this Nation?

Mr. ACCARDO. Yes, sir.

Senator WILEY. And yet you do not vote, is that right?

Mr. ACCARDO. That is right.

Senator WILEY. How do you evaluate your responsibility as a citizen born here; how do you evaluate your responsibility toward this country, simply as a place to get a living, hit or miss, by any means, or do you regard it as an opportunity to preserve certain values?

Mr. ACCARDO. I did not understand you, sir.

Senator WILEY. You do not understand? I think that is all.

The CHAIRMAN. Mr. Accardo, would you mind telling us where you have been the last 2 or 3 months?

Mr. ACCARDO. I refuse to answer, sir.

The CHAIRMAN. Have you been in Mexico?

Mr. ACCARDO. I refuse to answer.

The CHAIRMAN. You just do not want to tell us where you have been.

Senator WILEY. Is it nice and warm where you were?

Mr. CALLAGHAN. Not as warm as here. [Laughter.]

The CHAIRMAN. All right, Mr. Halley, you may continue.

Mr. HALLEY. Mr. Accardo, have you been on the *Clara Jo* yacht—

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Better let me finish the question—during the year 1950?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Is it not a fact that after the time of the sale of the *Clara Jo* to the S. & G. Syndicate that you have been on that yacht?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Is it not a fact that when this committee was having hearings in Miami, Fla., in the month of July 1950, that you and members of the S. & G. Syndicate were on the yacht *Clara Jo*?

Mr. ACCARDO. I refuse to answer, sir.

Senator WILEY. Who baptized that name, that name "*Clara Jo*"? That is important.

Mr. ACCARDO. That is my wife's first name and my middle name.

Senator WILEY. Well, no one else would baptize anybody else's yacht after your wife, would they?

Mr. ACCARDO. I fell into that one. [Laughter.]

The CHAIRMAN. All right, Mr. Halley.

Maybe you would want to tell us more about the yacht?

Mr. ACCARDO. I still refuse to answer.

The CHAIRMAN. Refuse to answer any more about the yacht?

Mr. HALLEY. Did you ever hear of Camp Woodland in Eagle River, Wis?

Mr. ACCARDO. Yes, sir.

Mr. HALLEY. That is a camp located in the State of Wisconsin, is it not?

Mr. ACCARDO. Yes; so you said, Wisconsin.

Mr. HALLEY. And sometimes your children stay there, is that not a fact?

Mr. ACCARDO. Yes, sir.

Mr. HALLEY. Didn't you, from the yacht, the *Clara Jo*, ever call Camp Woodland and speak to your children?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Is it not a fact that on July 15, 1950, you called Camp Woodland from the yacht, the *Clara Jo*?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Were you out of the State of Illinois during the year 1950?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Mr. Accardo, how often have you been arrested?

Mr. ACCARDO. A few times, but never convicted of any felony.

Mr. HALLEY. Well, you have been arrested at least a dozen times, have you not?

Mr. ACCARDO. I do not know how many times—a few times.

Mr. HALLEY. Would you say you were—

Mr. CALLAGHAN. I submit, Mr. Chairman, that those questions are not pertinent to this inquiry. How many times a man has been and was arrested certainly has nothing to do with the resolution creating this committee or its purposes.

The CHAIRMAN. Well, it has a good deal to do with what kind of a man he is.

Mr. CALLAGHAN. What kind of a man he is has nothing to do with the purposes of this committee or the purposes of this inquiry.

The CHAIRMAN. Well, that is for us to decide.

Mr. CALLAGHAN. I am making it in the form of an objection.

The CHAIRMAN. Your objection is overruled.

Mr. HALLEY. Will you show the witness a list of arrests and ask him to look it over and state whether or not they are his, the list beginning in 1923 and going to 1945 [handing document to counsel].

Mr. CALLAGHAN. Same objection to that question.

The CHAIRMAN. Well, the objection is overruled.

Will you show the witness what purports to be his criminal record, or at least a part of it.

Senator TOBEY. I might point out, Mr. Chairman, that that list, as shown to me, shows an average of one a year in the 23 years that have been cited.

Mr. ACCARDO (looking at the document). I don't know whether that is my list or not, sir. I don't know if I have been arrested that many times.

Mr. HALLEY. It shows 23 arrests, does it not?

Mr. ACCARDO. I don't know.

The CHAIRMAN. Well, the question is, Were you charged with the matters stated in that record, and does it show the outcome of those various charges?

Mr. ACCARDO. I don't remember, sir.

The CHAIRMAN. Rather than going over them specifically.

Mr. HALLEY. Do you remember being convicted of disorderly conduct in 1923, and fined \$200?

Mr. ACCARDO. No; I don't remember.

Mr. HALLEY. Is it possible that you could have been convicted in 1923?

Mr. ACCARDO. I don't remember.

Mr. HALLEY. Were you ever convicted of disorderly conduct?

Mr. ACCARDO. Once or twice, I think.

Mr. HALLEY. Once or twice.

Could it be three? The record just shows three.

Mr. ACCARDO. I don't know.

Mr. HALLEY. But at least once or twice.

Mr. ACCARDO, after 1923, in any event, you were never convicted of anything, isn't that right?

Mr. ACCARDO. According to this list, I have not.

Mr. HALLEY. Is that right?

Mr. ACCARDO. All I remember is a fine.

Mr. HALLEY. In 1923, and again twice in 1924, isn't that the fact?

Mr. ACCARDO. I don't know what year; I don't know of what year.

Mr. HALLEY. A long time ago?

Mr. ACCARDO. Yes, sir.

Mr. HALLEY. And after that you managed to avoid conviction at all times, is that not right?

Mr. ACCARDO. I don't know what you mean by "managed."

Mr. HALLEY. Well, you were never convicted since.

Mr. CALLAGHAN. You mean the evidence was not sufficient.

Mr. HALLEY. You were never convicted since 1924, were you?

Mr. ACCARDO. If that is the last day of the fine; no, sir.

Mr. HALLEY. But since 1924 you have been arrested on 18 occasions, is that not right?

Mr. ACCARDO. That is right.

Mr. HALLEY. Including, is it right to say, disorderly conduct on several occasions?

Mr. ACCARDO. Yes.

Mr. HALLEY. And carrying a concealed weapon on one occasion; isn't that right?

The CHAIRMAN. Well, Mr. Accardo, looking over that list, do you think that is substantially representative of the charges that have been made against you, and what happened to them, without going into each one of them?

Mr. ACCARDO. Some of them may be and some I don't know anything about, sir.

The CHAIRMAN. All right, go ahead, Mr. Halley.

Mr. HALLEY. Well, in any event, you were arrested on many occasions; were you not?

Mr. ACCARDO. That is right, sir.

Mr. HALLEY. Did they include kidnaping on one occasion?

Mr. ACCARDO. No, sir.

Mr. HALLEY. Weren't you arrested in connection with the kidnaping of Guzik—

Mr. ACCARDO. Sir?

Mr. HALLEY. Weren't you arrested in connection with the kidnaping of Guzik and the slaying of one Jens Larrison at Matt Capone's tavern?

Mr. ACCARDO. You must have everything all wrong there.

Mr. HALLEY. Well, isn't that the fact?

Mr. ACCARDO. No; it is not the facts.

Mr. HALLEY. Not that you have been arrested?

Mr. ACCARDO. I have been arrested, but not for what charges you are talking about.

Mr. HALLEY. Well, were you arrested in 1945?

Mr. ACCARDO. Let's see; I don't remember, sir.

Mr. HALLEY. Did you know Matt Capone?

Mr. ACCARDO. I refuse to answer, sir.

Mr. HALLEY. Do you know Jens Larrison?

Mr. ACCARDO. Sir?

Mr. HALLEY. Do you know Jens Larrison, L-a-r-r-i-s-o-n?

Mr. ACCARDO. Who?

Mr. HALLEY. His first name is Jens, J-e-n-s.

Mr. ACCARDO. Who?

Mr. HALLEY. Larrison.

Mr. ACCARDO. Larrison? I don't know anybody by the name of Larrison.

Mr. HALLEY. Well, you certainly knew Guzik?

Mr. ACCARDO. I refuse to answer, sir.

Mr. HALLEY. Could you tell the committee how you were able on so many occasions to beat the rap since 1924?

Mr. ACCARDO. I don't know what you mean by "beat the rap."

Mr. HALLEY. Did you have any political influence which would help you avoid successful prosecution?

Mr. ACCARDO. No, sir.

Mr. HALLEY. Did you know any members of the State assembly?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you know James Adducci?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you ever have any business relationships with Adducci?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you ever have a bodyguard or chauffeur?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Well, do you know Sam Gintana?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Doesn't he drive your car?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. You have a car, do you not?

Mr. ACCARDO. My wife has a car.

Mr. HALLEY. What kind of car?

Mr. ACCARDO. Cadillac.

Mr. HALLEY. What year?

Mr. ACCARDO. 1947.

Mr. HALLEY. What model?

Mr. ACCARDO. Convertible.

Mr. HALLEY. Do you have any other automobiles?

Mr. ACCARDO. No, sir.

Mr. HALLEY. You or your family?

Mr. ACCARDO. No, sir.

Mr. HALLEY. Where do you have a home?

Mr. ACCARDO. 1431 Ash, River Forest, Ill.

Mr. HALLEY. Do you have any in Miami Beach? Do you rent a home in Miami Beach?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. You did rent a home in Miami Beach for many years, did you not?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Was Sam Gintana ever in your home?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you ever employ him to act as your bodyguard?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Do you know whether or not he was in jail in 1940?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Is it not a fact that Gintana is a brother-in-law of a man who owns a company called the Central Envelope & Lithographing Co.?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. You have heard of the Central Envelope & Lithographing Co., have you not?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Gintana worked for it at one time when he also was working for you, did he not?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Is that not the company that pays James Adducci, the State legislator, for getting—

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY (continuing). Contracts in the State legislature?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Do you have any friends in the city of Chicago?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Well, a man must have a friend. [Laughter.] Don't you have any friends?

Mr. ACCARDO. I still refuse to answer.

Mr. HALLEY. I am sorry.

Mr. ACCARDO. I still refuse to answer.

Mr. HALLEY. How well do you know Pat Manno?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Is it not a fact that he was once a partner of Harry Russell?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. How well do you know Tremont—Pete Tremont?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Do you know them at all?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Weren't they also associated with Harry Russell?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. When did you last see Manno?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. When did you last see Tremont?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Don't they also own homes in Florida?

Mr. ACCARDO. That I don't know.

Mr. HALLEY. Well, did you ever have them out on your yacht in Florida?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you ever go into the numbers racket with Manno or Tremont?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Do you know a man named Pardy?

Mr. ACCARDO. Who?

Mr. HALLEY. Sam Pardy?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Isn't he your partner in the numbers racket?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Did you ever hear of the Erie & Buffalo Co.?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. Where did you derive your income in 1949?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. You have a home in River Forest; is that right?

Mr. ACCARDO. Yes, sir.

Mr. HALLEY. And you at least rode on a yacht named the *Clara Jo* in Florida?

Mr. ACCARDO. Sir?

Mr. HALLEY. You rode on a yacht named the *Clara Jo* in Florida?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. And you have rented homes in Florida, have you not?

Mr. ACCARDO. Yes, sir.

Mr. HALLEY. Did you buy that Cadillac convertible new?

Mr. ACCARDO. I don't remember whether it was new or second-hand.

Mr. HALLEY. When did you buy it, in what year?

Mr. ACCARDO. In 1947.

Mr. HALLEY. A 1947 car.

And your children go to camp?

Mr. ACCARDO. Sir?

Mr. HALLEY. Your children attend camp.

Mr. ACCARDO. Camp or mass?

Mr. HALLEY. Camp.

Mr. ACCARDO. I did not hear you.

Mr. HALLEY. Camp.

Mr. ACCARDO. Camp; yes, sir.

Mr. HALLEY. Do they go to school?

Mr. ACCARDO. Yes, sir.

Mr. HALLEY. How do you finance your operations, your living operations?

Mr. ACCARDO. My who?

Mr. HALLEY. On what do you live, Mr. Accardo?

Mr. ACCARDO. I refuse to answer.

Senator WILEY. Food, do you not? [Laughter.]

Mr. CALLAGHAN. Food and drink.

Mr. ACCARDO. That is not what he wants to hear.

Mr. HALLEY. Do you have a bank account?

Mr. ACCARDO. Sir?

Mr. HALLEY. Do you have a bank account?

Mr. ACCARDO. I refuse to answer.

Mr. HALLEY. I have no further questions.

The CHAIRMAN. Senator Wiley, do you have any more questions?

Senator WILEY. Well, something was said about a question which was asked about your friends, and you refused to answer that. Now, how about have you any enemies?

Mr. ACCARDO. Not that I know of.

Senator WILEY. You do not refuse to answer?

Mr. ACCARDO. That I know.

Senator WILEY. Now then, you refused to tell me what your business was. Will you tell me where your place of business is?

Mr. ACCARDO. No, sir.

Senator WILEY. What?

Mr. ACCARDO. No, sir.

Senator WILEY. Why?

Mr. ACCARDO. I refuse to answer.

Senator WILEY. You know that the records here show that in 1949 you had a very substantial income. Now, that is a matter of common knowledge. Do you keep books?

Mr. ACCARDO. No, sir.

Senator WILEY. You do not keep any books.

In one partnership it is shown that you had about a quarter of a million dollars' income in 1 year. Would you mind telling me how, with that amount of money, you could indicate to the person who prepared your income tax that that was the correct amount?

Mr. ACCARDO. I refuse to answer.

Senator WILEY. What?

Mr. ACCARDO. I refuse to answer.

Senator WILEY. Well, haven't you any book accounts showing how that money was acquired, or transactions, or anything of that kind?

Mr. ACCARDO. (Shaking his head in the negative.)

The CHAIRMAN. Did you answer that you do not have any account?

Mr. ACCARDO. I refuse to answer.

Senator WILEY. Well, have you ever been called upon by the internal revenue officials to indicate how you made that quarter of a million? (Witness confers with counsel.)

Mr. ACCARDO. It might have been a minor investigation of something, that is about all that I know of.

Senator WILEY. Well, was the result, as far as you could understand, satisfactory?

(Witness confers with counsel.)

Mr. ACCARDO. Well, I have reason to believe right now that my income may be under investigation after all the publicity on it.

Senator WILEY. Have you any way to substantiate the correctness of it?

Mr. ACCARDO. I refuse to answer.

Senator WILEY. You have not even one book to indicate receipts and disbursements?

Mr. ACCARDO. I refuse to answer, sir.

Senator WILEY. Does anyone look after your records for you?

Mr. ACCARDO. I refuse to answer.

Senator WILEY. Well, I suppose you claim to be perfectly willing in these trying times to pay what is just and equitable in taxes, do you not?

Mr. ACCARDO. Yes, sir. [Laughter.]

Senator WILEY. How are you going to establish the justness and equitability of it if you have no books?

Mr. ACCARDO. I refuse to answer on the books, sir.

Senator WILEY. In other words, you mean you have books but you do not want us to see the books?

Mr. ACCARDO. I refuse to answer, sir.

Senator WILEY. Well, that is pretty definite, too. I think that is all, Mr. Chairman.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. All I can say, Mr. Chairman, is that I think this hearing is pretty near a farce, and this man has been playing ducks and drakes with us, and has refused to cooperate, and I think it is a waste of time to sit here and listen to this sort of stuff coming out of the witnesses and going on the record.

I again move to cite him for contempt.

The CHAIRMAN. If you will withhold the motion, I want to ask him some questions.

Who makes up your income tax, Mr. Accardo; your returns?

Mr. ACCARDO. I refuse to answer.

The CHAIRMAN. You knew that Mr. Bernstein's office was the office where \$190,000 were brought in to pay off the tax liability of DeLucia and Campagna?

Mr. ACCARDO. I refuse to answer anything on that subject.

The CHAIRMAN. I mean, did you know that? That is the question.

Mr. ACCARDO. I refuse to answer.

The CHAIRMAN. Did you have anything to do with the raising of that money?

Mr. ACCARDO. I refuse to answer.

The CHAIRMAN. Mrs. Campagna says you visited her husband in Atlanta in the penitentiary. Do you want to tell us about that?

Mr. ACCARDO. I refuse to answer.

The CHAIRMAN. Did you visit Campagna in the penitentiary in Atlanta?

Mr. ACCARDO. I refuse to answer.

The CHAIRMAN. Or in Leavenworth?

Mr. ACCARDO. I refuse to answer.

The CHAIRMAN. Did you go there with Mr. Bernstein on any occasion?

Mr. ACCARDO. I refuse to answer.

Senator WILEY. Mr. Chairman, I want to get this matter straight, because we have asked a lot of questions that seem to me to be not only pertinent but that in the slightest degree, so far as I can see from the answers, if he were to answer, instead of using his stock phrase "I refuse to answer," that it would not incriminate him.

Now, I want to ask counsel and the witness this question; it is this: When you use the stock phrase, "I refuse to answer," are you doing it because you claim that an answer, if made, would violate your constitutional rights or would tend to incriminate you, and thus we would be asking you to violate your constitutional protective rights; is that it?

Mr. ACCARDO. That is what I mean; that is my refusal, on my constitutional rights.

Senator WILEY. Is that counsel's understanding, too?

Mr. CALLAGHAN. Predicated upon the provisions of the fifth amendment to the Constitution.

Senator WILEY. I do not hear you.

Mr. CALLAGHAN. Our refusal is predicated on the fifth amendment to the Constitution.

Senator WILEY. That answers it.

In other words, you go on the theory that under the Constitution you can throw this general phrase at us any time and not help to aid the Government in seeking and finding out what it is that is criminal, and which is detrimental to the public interest; is that it?

Mr. CALLAGHAN. That is not the point at all, Mr. Senator. The point about it is that the questions that have been asked, either directly may tend to incriminate him—an answer may directly tend to incriminate the witness—or may form some link in a chain that may inevitably lead to some criminal charge being placed against him.

Senator WILEY. You mean a Federal crime or a State crime?

Mr. CALLAGHAN. I mean Federal crimes?

Senator WILEY. Yes.

Would you want to say which Federal crime?

Mr. CALLAGHAN. That is a matter for counsel for the committee, I believe, rather than counsel for the respondent.

Senator WILEY. Counsel for what?

Mr. CALLAGHAN. Counsel for the committee rather than counsel for the witness. The fifth amendment is just as important a branch and a part of our law as any other branch or part of our law, perhaps more important than any others.

The CHAIRMAN. I must say, Mr. Callaghan, that your client—we want to protect him in any real rights he has, but his refusal to answer the greater part of these questions is—I cannot see any basis for it whatsoever, with respect to his defenses, even as to who he knows or where he has been or what businesses he has been in, regardless of how long ago it may have been, so it is a very determined effort to thwart our inquiry, so far as it appears here on the record.

Mr. CALLAGHAN. The chairman is not unmindful of the fact that there was a double objection to each question asked; that is, that the refusal was predicated on two grounds, and many of these questions

were simply prying into his personal affairs and had nothing to do with this inquiry.

The CHAIRMAN. We understand that. But we will pass on the pertinency of the question.

Is there anything else, Mr. Halley?

Mr. HALLEY. I would like to point out that in the most recent case on the subject the Supreme Court very clearly pointed out the difference between a chain of evidence which would clearly lead to prosecution under a Federal law, and the answer to some question which, on the basis of supposition or fantasy or for some arbitrary reason, the witness just does not want to answer, and the Supreme Court made it perfectly clear that a witness may not be permitted simply to refuse to answer questions unless the link to the commission of a crime can be clearly established. I submit it has not been established in any way.

Mr. CALLAGHAN. I do not so interpret the Blau case; if so, we differ in the interpretation of that case.

The CHAIRMAN. Is there anything else, Mr. Halley?

Mr. HALLEY. Just one thing. I think the witness said that he thought people should pay their taxes.

Mr. ACCARDO. I didn't say that, but they should.

Mr. HALLEY. Do you believe that the Federal Government is entitled to make reasonable efforts to collect its taxes of its citizens?

Mr. ACCARDO. It sure should.

Mr. HALLEY. Do you think citizens should cooperate with the Federal Government in that respect?

Mr. ACCARDO. In the respect of income tax; yes.

Mr. HALLEY. Now, you have refused to cooperate, for one reason or another, with this committee, but have you ever refused to cooperate with an income-tax agent and simply refused to give him the details of your evidence?

Mr. CALLAGHAN. I submit that question is not pertinent to the inquiry, but simply a moralizing question.

Mr. HALLEY. No. The question is, have you ever refused to give an income-tax agent the details with respect to your business.

Mr. ACCARDO. I don't understand it the way you are putting it.

Mr. HALLEY. Well, haven't you ever told a revenue agent that you would not divulge the source or details of your income?

(Witness confers with counsel.)

Mr. ACCARDO. I still don't understand it.

Mr. HALLEY. Isn't it a fact that in 1 year, when your income was as high as \$85,000, you refused entirely to account for a round sum of \$65,000, refusing to state the source, the expenses which accompanied it, or any of the details, so that the revenue agent was forced to conclude that he could not verify in any way whether you were making an accurate return?

(Witness confers with counsel.)

Senator WILEY. What ever happened in that case?

Mr. HALLEY. The Government had to drop the case.

In 1948 a revenue agent attempted to find out something about the witness' income, and then without having his constitutional rights to plead, but simply being in the position of an ordinary citizen, he simply refused to give the information; isn't that the fact?

Senator WILEY. I have got to show every calf born on my farm.

Mr. ACCARDO. If I refused them, I must have had a right in refusing them.

The CHAIRMAN. Well, is that correct or not; that you refused to give any information?

Mr. ACCARDO. I don't remember.

Mr. HALLEY. Did you ever hear of a revenue agent named Ned Klein?

Mr. ACCARDO. Yes, sir.

Mr. HALLEY. Did you have talks with him in 1948?

Mr. ACCARDO. I think I did.

Mr. HALLEY. Wasn't he trying to find out the nature and source of your income?

Mr. ACCARDO. I don't know what he was trying to find out now; I don't remember.

Mr. HALLEY. Well, you reported one round-sum figure of \$65,000 income; isn't that right?

Mr. ACCARDO. I don't know.

Mr. HALLEY. And isn't that the sort of figure that naturally leads to some suspicion that maybe you pulled it out of the thin air?

Mr. ACCARDO. Well, I will have to refuse to answer your questions.

Mr. HALLEY. Didn't you refuse to give Revenue Agent Ned Klein any information about that?

Mr. ACCARDO. I don't remember.

The CHAIRMAN. All right.

Senator Tobey, you had a motion pending.

Senator TOBEY. I renew that motion, Mr. Chairman.

Senator WILEY. Second.

The CHAIRMAN. A motion is made by Senator Tobey and seconded by Senator Wiley to recommend to the Senate that contempt proceedings be brought against Mr. Accardo. All in favor signify by saying "aye."

(There was a chorus of "ayes.")

The CHAIRMAN. Let the record show that the committee, with a quorum of three members present, voted for the motion.

Mr. Accardo, you will remain under subpoena, subject to further call by this committee. In other words, if we want you back for further questioning or other purposes, the subpoena served on you will continue in effect. Is that understood, Mr. Callaghan?

Mr. CALLAGHAN. Yes, sir.

We do not understand, by that, that we are to remain in Washington; we are to go home.

The CHAIRMAN. No; that is right.

Mr. CALLAGHAN. Notice to me, I think, would produce the witness. I do not think there is any necessity of serving any further process.

The CHAIRMAN. All right, notice to you——

Mr. CALLAGHAN. Provided I am given ample time to contact the witness.

The CHAIRMAN. That is all for today, and the hearing will adjourn.

(Whereupon, at 11:30 a. m., the committee adjourned, subject to the call of the Chair.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

FRIDAY, JANUARY 19, 1951

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED
CRIME IN INTERSTATE COMMERCE,
Cleveland, Ohio.

The committee met, pursuant to recess, at 9:45 a. m., in room 318, Federal Building, Senator Estes Kefauver (chairman) presiding.

Present: Senator Kefauver.

Also present: Rudolph Halley, chief counsel; Joseph L. Nellis, assistant counsel; George S. Robinson, associate counsel; and John McCormick, investigator.

The CHAIRMAN. The committee will come to order.

(The testimony of Joseph DiCarlo, Youngstown, Ohio, which preceded the following testimony of Alex Greenberg, is included in part 6 of the hearings of the committee.)

The CHAIRMAN. Let's get Mr. Greenberg in, then.

Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GREENBERG. I do.

TESTIMONY OF ALEX GREENBERG, CHICAGO, ILL.

The CHAIRMAN. All right, gentlemen. Let's get going and get down to the essentials.

Mr. ROBINSON. Will you state your full name, please, Mr. Greenberg?

Mr. GREENBERG. Alex Greenberg.

Mr. ROBINSON. And where do you live?

Mr. GREENBERG. 200 East Chestnut Street.

Mr. ROBINSON. Chicago, Illinois?

Mr. GREENBERG. Yes.

Mr. ROBINSON. That is the Seneca Hotel?

Mr. GREENBERG. Yes.

Mr. ROBINSON. And, Mr. Greenberg, you were born in Russia?

Mr. GREENBERG. Yes.

Mr. ROBINSON. And came to this country at an early age?

Mr. GREENBERG. 1905.

Mr. ROBINSON. And you came to New York?

Mr. GREENBERG. Yes.

Mr. ROBINSON. And from there you went to Chicago?

Mr. GREENBERG. That is right.

Mr. ROBINSON. What time did you go to Chicago? What year?

Mr. GREENBERG. Oh, about 1909, 1908 or 1909.

Mr. ROBINSON. And what business did you go into in Chicago?

Mr. GREENBERG. The restaurant business.

Mr. ROBINSON. Were you also in the saloon business?

Mr. GREENBERG. Yes.

Mr. ROBINSON. Did you have more than one saloon?

Mr. GREENBERG. No.

Mr. ROBINSON. And where was that located?

Mr. GREENBERG. On Lincoln Avenue.

Mr. ROBINSON. And what years were you in the saloon business?

Mr. GREENBERG. Oh, I couldn't recall now. Many years ago.

Mr. ROBINSON. You don't recall the approximate years?

Mr. GREENBERG. No; I can't recall the years.

Mr. ROBINSON. Do you recall what your revenue was, what your income was from that business?

Mr. GREENBERG. I cannot.

Mr. ROBINSON. Was it profitable?

Mr. GREENBERG. I think so.

Mr. ROBINSON. That was the only business that you had at the time?

Mr. GREENBERG. Yes.

Mr. ROBINSON. Do you know Dean O'Bannion, or did you know him?

Mr. GREENBERG. Yes.

Mr. ROBINSON. Did you also know Maxie Isen?

Mr. GREENBERG. Yes.

Mr. ROBINSON. And Hymie Weiss?

Mr. GREENBERG. Yes.

Mr. ROBINSON. Who were they?

Mr. GREENBERG. At that time they were just people. Used to be on the West Side.

Mr. ROBINSON. What business were they in?

Mr. GREENBERG. I really don't know.

Mr. ROBINSON. Did you know them very well?

Mr. GREENBERG. Yes.

Mr. ROBINSON. Quite intimately?

Mr. GREENBERG. I would say "Yes."

Mr. ROBINSON. How did you happen to meet them?

Mr. GREENBERG. I financed them. I was in the finance business at the time.

Mr. ROBINSON. Were you also in the saloon business when you were in the finance business?

Mr. GREENBERG. No.

Mr. ROBINSON. You went from the saloon business to the finance business?

Mr. GREENBERG. Yes.

Mr. ROBINSON. And isn't it true that all three of those were members of the Bugs Moran gang in Chicago?

Mr. GREENBERG. I do not know, sir.

Mr. ROBINSON. You know that, don't you?

Mr. GREENBERG. I do not.

Mr. ROBINSON. You are sure of that?

Mr. GREENBERG. I am sure I didn't know.

The CHAIRMAN. Well, he means, that was their general reputation?

Mr. GREENBERG. Their reputation; yes.

The CHAIRMAN. That was the general understanding?

Mr. GREENBERG. Right, sir.

Mr. ROBINSON. And were they in business with you in the finance company?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. Dean O'Bannion was not in business with you in the finance company?

Mr. GREENBERG. No.

Mr. ROBINSON. What was the name of the finance company?

Mr. GREENBERG. The Roosevelt Finance Co.

Mr. ROBINSON. How did you happen to get into that business?

Mr. GREENBERG. I cannot recall. It is many years ago.

Mr. ROBINSON. Well, how much money did you invest in it?

Mr. GREENBERG. I do not remember, sir.

Mr. ROBINSON. Were you a partner in it?

Mr. GREENBERG. Yes.

Mr. ROBINSON. There was a partnership at first?

Mr. GREENBERG. Correct, sir.

Mr. ROBINSON. Who was your other partner?

Mr. GREENBERG. A fellow by the name of Victor Hastelic and Simon Hastelic—

Mr. ROBINSON. Who else?

Mr. GREENBERG. And a fellow by the name of Baumish, who was the president of a bank at that time, an independent State bank.

Mr. ROBINSON. What was your partnership interest in it?

Mr. GREENBERG. Oh, about— I can't recall at the present time. I bought stock in there, sold some stock. I can't remember.

Mr. ROBINSON. Was Harry Trevansky a partner?

Mr. GREENBERG. Yes.

Mr. ROBINSON. Who was he?

Mr. GREENBERG. A businessman.

Mr. ROBINSON. What other business was he in?

Mr. GREENBERG. I think it was in the decorating business.

Mr. ROBINSON. And what was the purpose of the business? What type of business did you have?

Mr. GREENBERG. Financing.

Mr. ROBINSON. Financing what?

Mr. GREENBERG. In real estate.

Mr. ROBINSON. Underwriting mortgage bonds, and so forth?

Mr. GREENBERG. That is correct.

Mr. ROBINSON. On real estate?

Mr. GREENBERG. Yes, sir; buy and sell mortgages.

Mr. ROBINSON. That was a partnership at first and subsequently became a corporation?

Mr. GREENBERG. Correct, sir.

Mr. ROBINSON. And were you a stockholder?

Mr. GREENBERG. Yes.

Mr. ROBINSON. You are sure of that?

Mr. GREENBERG. I am sure.

Mr. ROBINSON. Wasn't your wife and your father a stockholder, or your wife's father?

Mr. GREENBERG. Well, I call it the same.

Mr. ROBINSON. And that was dissolved in 1933 or 1935?

Mr. GREENBERG. Correct, sir.

Mr. ROBINSON. Why was it dissolved?

Mr. GREENBERG. After the crash, after everything went bad.

Mr. ROBINSON. Now, did that company make substantial loans to Dean O'Bannion?

Mr. GREENBERG. Yes.

Mr. ROBINSON. Do you remember what the amounts were?

The CHAIRMAN. I didn't get that name. Dean who?

Mr. ROBINSON. O'Bannion. That is right, sir, isn't it?

Mr. GREENBERG. Right, sir.

The CHAIRMAN. How do you spell it?

Mr. ROBINSON. O'-B-a-n-n-i-o-n.

Now, what business was Mr. O'Bannion in?

Mr. GREENBERG. I do not know, sir.

Mr. ROBINSON. Well, what were the purposes of the loans to him?

Mr. GREENBERG. I made him a loan at that time on what they called the Manhattan Brewery.

Mr. ROBINSON. Was he the owner of the brewery?

Mr. GREENBERG. I made him a loan for the brewery, yes, sir. He had stock in that brewery.

Mr. ROBINSON. And what were some of the other purposes for the loans made to Mr. O'Bannion?

Mr. GREENBERG. I haven't made him any other loans outside this here loan.

Mr. ROBINSON. Do you recall how large the loans were?

Mr. GREENBERG. I cannot remember, sir.

Mr. ROBINSON. Something like \$175,000 in one case and \$80,000 in another?

Mr. GREENBERG. No, sir: no hundred seventy-five, no eighty.

Mr. ROBINSON. Wasn't there a \$175,000 loan made to C. P. O'Dowd, who was Mr. O'Bannion's father-in-law?

Mr. GREENBERG. I don't recall it.

Mr. ROBINSON. Did you know Mr. C. P. O'Dowd?

Mr. GREENBERG. No, sir; I don't think so.

Mr. ROBINSON. Did you know Viola Carter?

Mr. GREENBERG. Yes, sir.

Mr. ROBINSON. Who was she?

Mr. GREENBERG. That is Dean O'Bannion's wife.

Mr. ROBINSON. And wasn't there a loan of \$80,000 made to her?

Mr. GREENBERG. That was the money which paid her out for the stock of the Manhattan Brewery. It was made no loan; that was money that I owed her.

Mr. ROBINSON. You owed to her?

Mr. GREENBERG. Yes.

Mr. ROBINSON. For the stock in the Manhattan Brewery?

Mr. GREENBERG. Correct, sir.

Mr. ROBINSON. Was that about the time that you first bought stock in the Manhattan Brewery?

Mr. GREENBERG. No; the time I bought her out after prohibition.

Mr. ROBINSON. This was the time after prohibition that you bought the Manhattan Brewery?

Mr. GREENBERG. The stock I bought out from her.

Mr. ROBINSON. You bought the stock from her?

Mr. GREENBERG. That is correct, sir.

Mr. ROBINSON. Who else was in the Manhattan Brewery at that time, with O'Bannion?

Mr. GREENBERG. A fellow by the name of Weiss, Hymie Weiss.

Mr. ROBINSON. Hymie Weiss?

Mr. GREENBERG. At first I bought some of his stock.

Mr. ROBINSON. And was Maxie Isen also in it?

Mr. GREENBERG. I don't think so. Maybe he was, but I wouldn't know it.

Mr. ROBINSON. And those are the people——

The CHAIRMAN. Let me get the people who were in it. Give their names again.

Mr. ROBINSON. Hymie Weiss.

Mr. GREENBERG. That is right.

Mr. ROBINSON. And O'Bannion.

The CHAIRMAN. And O'Bannion?

Mr. GREENBERG. That is correct, sir.

The CHAIRMAN. And you bought stock from Weiss, too?

Mr. GREENBERG. Yes.

The CHAIRMAN. All of his stock?

Mr. GREENBERG. Whatever they had. I bought from the estate. I bought it not from Weiss; I bought it from the Weiss estate. Hymie Weiss' estate, from his sister or mother, I don't remember, at that time.

Mr. ROBINSON. What was the approximate year, Mr. Greenberg?

Mr. GREENBERG. That was in the year about approximately 1933 or 1932, or something like it, right after prohibition.

Mr. ROBINSON. Did you buy the stock personally?

Mr. GREENBERG. Yes.

Mr. ROBINSON. And what was your source of income at that time? What was your source of income?

Mr. GREENBERG. Roosevelt Finance Co., and real-estate business.

Mr. ROBINSON. And did you buy the stock for yourself, or did you buy it for somebody else?

Mr. GREENBERG. I bought it for myself, and then I resold it, and tried to reorganize it.

Mr. ROBINSON. And when did you first meet Al Capone, Mr. Greenberg?

Mr. GREENBERG. Oh, I would say about 20 years ago.

Mr. ROBINSON. And was he interested at the time you bought the stock, in the Manhattan Brewery?

Mr. GREENBERG. No.

Mr. ROBINSON. Did he subsequently become interested in it?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. What was the occasion of your meeting Al Capone?

Mr. GREENBERG. I cannot remember, sir.

Mr. ROBINSON. You can't remember?

Mr. GREENBERG. No.

Mr. ROBINSON. Did you know him well?

Mr. GREENBERG. I knew him in the later years very well.

Mr. ROBINSON. And did you meet him at the time you were running the saloon?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. Was it at the time you were in the Roosevelt Finance Co.?

Mr. GREENBERG. Uh-uh; I don't think so. Later on I did. He bought a piece of real estate which I sold to him.

Mr. ROBINSON. And that was the first time that you had met him?

Mr. GREENBERG. No, not the first time. That was in the later years.

Mr. ROBINSON. And did you get to know him quite well?

Mr. GREENBERG. I just knowed him. I wouldn't know what you would call well.

Mr. ROBINSON. Well, you had business dealings with him?

Mr. GREENBERG. The only business dealings I had with him were real-estate business.

Mr. ROBINSON. You had no business dealings with him in connection with the Manhattan Brewery?

Mr. GREENBERG. No.

Mr. ROBINSON. And he never at any time had any interest in the brewery?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. What was the brewery doing during prohibition time?

Mr. GREENBERG. It was closed, as far as I know of.

Mr. ROBINSON. You had an interest in it at that time?

Mr. GREENBERG. Yes.

The CHAIRMAN. I didn't understand that. He had an interest after prohibition or during?

Mr. GREENBERG. During prohibition.

Mr. ROBINSON. During prohibition?

Mr. GREENBERG. Yes; I financed him at that time. The brewery was closed.

Mr. ROBINSON. The brewery was closed. And at that time, you knew Al Capone?

Mr. GREENBERG. I can't recall that.

Mr. ROBINSON. Now, was it at that time, or about the time you first became acquainted with Al Capone, that you became acquainted also with Frank Nitti?

Mr. GREENBERG. I knew him for about 30 years.

Mr. ROBINSON. And how did you first become acquainted with him?

Mr. GREENBERG. I happened to know him in the place where I used to live, McAllister Place. He had a barber shop over there, and he used to be my barber.

Mr. ROBINSON. And you subsequently became very closely connected with Mr. Nitti?

Mr. GREENBERG. We all get acquainted with good barbers. He was a very good barber.

Mr. ROBINSON. And that acquaintanceship went on to an association in business transactions?

Mr. GREENBERG. Yes.

Mr. ROBINSON. Through the Roosevelt Finance Co.?

Mr. GREENBERG. Yes, sir; Personal, not Roosevelt.

Mr. ROBINSON. Personal?

Mr. GREENBERG. Personal.

Mr. ROBINSON. To the extent that you loaned him money and he loaned you money?

Mr. GREENBERG. Correct, sir.

Mr. ROBINSON. And he at one time set up a trust fund in your name?

Mr. GREENBERG. A trust fund for his son.

Mr. ROBINSON. For his son?

Mr. GREENBERG. Not exactly him; him and his wife, which I knew his wife since she was a kid. I used to live in his father's building on McAllister Place, and her father was the doctor for my first baby, and I knew him that well. We lived in the same house—I mean, in the same building. I will take it back.

Mr. ROBINSON. And he did set up this trust fund in your name for his son?

Mr. GREENBERG. Correct, sir. That was proven in court, and I paid it to the court.

Mr. ROBINSON. And at the time of Mr. Nitti's death, were you obligated to the estate of Nitti?

Mr. GREENBERG. Yes, sir.

Mr. ROBINSON. For how much?

Mr. GREENBERG. About one hundred thousand dollars.

Mr. ROBINSON. And how did that obligation arise? Had you borrowed money from Mr. Nitti during his life?

Mr. GREENBERG. That is right, sir. The obligation wasn't from borrowing the money; the obligation was to the estate of Frank Nitti for \$100,000.

Mr. ROBINSON. That was in connection with the trust fund?

Mr. GREENBERG. That is right sir.

Mr. ROBINSON. That you had to repay?

Mr. GREENBERG. That is right, sir.

Mr. ROBINSON. Now, were you ever associated in any business with Mr. Nitti?

Mr. GREENBERG. None whatever.

Mr. ROBINSON. Never associated with him in the liquor business?

Mr. GREENBERG. No.

Mr. ROBINSON. Who was Dr. Gaetano Rocco?

Mr. GREENBERG. That is his father-in-law. That is Frank Nitti's father-in-law.

Mr. ROBINSON. And you were never associated in business with him?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. At no time during the period from 1918 to 1928 were you associated with Nitti in the liquor business?

Mr. GREENBERG. I don't think so. No, sir.

Mr. ROBINSON. You knew Jack Guzik?

Mr. GREENBERG. Yes.

Mr. ROBINSON. When did you meet him?

Mr. GREENBERG. Many, many years ago.

Mr. ROBINSON. About the same time that you met Mr. Nitti?

Mr. GREENBERG. No; later years.

Mr. ROBINSON. And how did you happen to meet him?

Mr. GREENBERG. By being around the liquor stores, saloons, going around the city. I am in the beer business; I happened to meet him.

Mr. ROBINSON. And that was while you were operating a saloon?

Mr. GREENBERG. No, sir; that was in the later years.

Mr. ROBINSON. And what business were you in at the time you met Mr. Jack Guzik?

Mr. GREENBERG. I used to be in the brewery business and real estate business.

Mr. ROBINSON. Now, when did you open the Manhattan Brewery?

Mr. GREENBERG. It was either 1933 or 1934, about a year after prohibition.

Mr. ROBINSON. But prior to that time, you had acquired sufficient stock to have the controlling interest in the brewery?

Mr. GREENBERG. Not quite.

Mr. ROBINSON. Well, how much? What percentage of stock did you have in the brewery at the time it was opened?

Mr. GREENBERG. Pretty near I had it all. I bought out every estate, about a year later. Of course, it took me all that time to reorganize. I had a mortgage on it, and then I bought the rest of the stock.

Mr. ROBINSON. Where did you accumulate most of your money, Mr. Greenberg, prior to that time? Was it in connection with the Roosevelt Finance Co., or was it in connection with the saloon?

Mr. GREENBERG. It was the Roosevelt Finance Co. and the—I can't recall; it is too many years back.

Mr. ROBINSON. Well, what would you say your total income was from the Roosevelt Finance Co. during the course of its existence?

Mr. GREENBERG. I cannot—

Mr. ROBINSON. Can you roughly approximate?

Mr. GREENBERG. I cannot answer you.

The CHAIRMAN. Well, about how much a year was it making, approximately?

Mr. GREENBERG. I cannot answer that. That is too many years back.

The CHAIRMAN. You couldn't say in the neighborhood of 30, 50, 100?

Mr. GREENBERG. I cannot say that.

Mr. ROBINSON. What business was Mr. Guzik in?

Mr. GREENBERG. I really do not know. I do not know Guzik outside of meeting him and knowing him.

Mr. ROBINSON. You never knew at any time what business he was in?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. You had no business dealings with him?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. Well, what were your contacts with him? Purely social?

Mr. GREENBERG. Just saying hello.

Mr. ROBINSON. Did you ever loan him any money?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. Did he ever ask you for a loan?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. Do you recall when you actually met him?

Mr. GREENBERG. I cannot.

Mr. ROBINSON. Who introduced you?

Mr. GREENBERG. I cannot remember, sir.

Mr. ROBINSON. Now, you knew Phil D'Andrea? If you pronounce it that way.

Mr. GREENBERG. I really don't know.

Mr. ROBINSON. You don't know Phil D'Andrea?

Mr. GREENBERG. I might know him, but I don't know him offhand.

Mr. ROBINSON. And what other people did you meet by reason of your acquaintance with Al Capone?

Mr. GREENBERG. I would take up too much of your time to tell you. I met lots of people; I don't know.

Mr. ROBINSON. I mean, as a result of your acquaintance with Al Capone?

Mr. GREENBERG. I couldn't answer that question. I don't know.

Mr. ROBINSON. Well, you met Louis Campagna?

Mr. GREENBERG. Yes, sir.

Mr. ROBINSON. And you met Paul DeLucia?

Mr. GREENBERG. Yes, sir.

Mr. ROBINSON. And you met Charles Gioe; isn't that correct?

Now, who else? Can you name any other?

Mr. GREENBERG. No, I can't.

Mr. ROBINSON. Did you meet Charles Fischetti?

Mr. GREENBERG. Yes.

Mr. ROBINSON. And you met Tony Accardo, of course?

Mr. GREENBERG. I do not know him; I don't think I know that man. No, sir.

Mr. ROBINSON. You don't know Joe Batters?

Mr. GREENBERG. I don't think so.

Mr. ROBINSON. But you did meet Charles Fischetti?

Mr. GREENBERG. Yes.

Mr. ROBINSON. And Rocco?

Mr. GREENBERG. I don't know; who is Rocco?

Mr. ROBINSON. Rocco Fischetti?

Mr. GREENBERG. I am not sure.

Mr. ROBINSON. And did you have any business dealings with Charles Fischetti?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. Well, how well did you know him?

Mr. GREENBERG. Just knew him; that is all.

Mr. ROBINSON. Were you ever at the Lexington Hotel when Al Capone stayed there?

Mr. GREENBERG. I couldn't recall it. I might have been there, but I couldn't recall it. I have been in the Lexington Hotel doing business there.

Mr. ROBINSON. With whom?

Mr. GREENBERG. There is a liquor store I am selling beer over there.

Mr. ROBINSON. And was that at the time that Al Capone lived there?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. You were never in his room there?

Mr. GREENBERG. I might be; I couldn't say that. I might be in his room, but I can't remember.

Mr. ROBINSON. Did you have any relative that was connected with the bartenders' union in Chicago?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. Did you have a brother-in-law that was connected with that union?

Mr. GREENBERG. Yes; he wasn't connected with the union; he was a bookkeeper for the union.

Mr. ROBINSON. A bookkeeper for the union?

Mr. GREENBERG. Yes.

Mr. ROBINSON. What was his name?

Mr. GREENBERG. Zvin Greenberg.

Mr. ROBINSON. And who was his boss, do you know?

Mr. GREENBERG. What I heard, and what I know of, his boss was Brown.

Mr. ROBINSON. Brown?

Mr. GREENBERG. Yes.

Mr. ROBINSON. And did he also work for Bioff?

Mr. GREENBERG. I wouldn't know that. I think so.

Mr. ROBINSON. Were you yourself interested in the activities of the union?

Mr. GREENBERG. I don't know. I have never been interested in any union.

Mr. ROBINSON. Weren't you interested in the activities of the union in connection with the sale of your beer?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. Never at any time?

Mr. GREENBERG. Uh-uh.

Mr. ROBINSON. Who is Frank Carter?

Mr. GREENBERG. He was a distributor, one of our distributors.

Mr. ROBINSON. One of your distributors?

Mr. GREENBERG. Yes, sir.

Mr. ROBINSON. And was he connected with the union at one time?

Mr. GREENBERG. Not that I know of.

Mr. ROBINSON. You never recommended him to Nitti for a position in the union?

Mr. GREENBERG. I don't think so.

Mr. ROBINSON. Well, do you know or don't you know?

Mr. GREENBERG. I didn't.

Mr. ROBINSON. You never did?

Mr. GREENBERG. I don't think so.

The CHAIRMAN. Well, you don't remember, then; is that it?

Mr. GREENBERG. No, I can't recall even recommending him for the union. I don't know if he was ever in the union.

The CHAIRMAN. Well, recommending him to your brother-in-law, who was the bookkeeper?

Mr. GREENBERG. No.

Mr. ROBINSON. Did Nitti have an interest in that union?

Mr. GREENBERG. I don't know, sir.

Mr. ROBINSON. Did Nitti ever help you in connection with the sale of your beer?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. Did he ever make any contacts for you for distributors in other cities?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. Who handled that phase of the business?

Mr. GREENBERG. Which business?

Mr. ROBINSON. Who handled that part of the business?

Mr. GREENBERG. Our salesmen.

Mr. ROBINSON. You had nothing to do with it yourself?

Mr. GREENBERG. I had lots of times to do with it. I used to go out myself many, many times.

Mr. ROBINSON. But Nitti never recommended any people in other cities to you to get in touch with?

Mr. GREENBERG. No.

Mr. ROBINSON. Do you know Tony Gizzo?

Mr. GREENBERG. Yes.

Mr. ROBINSON. When did you first meet him?

Mr. GREENBERG. Many years ago.

Mr. ROBINSON. And he subsequently became your distributor in Kansas City?

Mr. GREENBERG. No, sir. He was a distributor at that time, and I sold him beer, in Kansas City.

Mr. ROBINSON. I didn't understand.

Mr. GREENBERG. He was a distributor. Had a distributorship in Kansas City at that time, when I sold him some beer.

Mr. ROBINSON. He was actually in the distributorship business?

Mr. GREENBERG. Yes, sir; was a Schlitz distributor.

Mr. ROBINSON. And then he took over the distributorship of your beer?

Mr. GREENBERG. No; he did not. I just sold him some beer, a small percentage of our beer. He handled the cheaper part.

Mr. ROBINSON. When did he first take on that beer?

Mr. GREENBERG. Oh, it is many years ago. I can't recall that.

Mr. ROBINSON. And has that business increased?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. Now, Gizzo was quite closely associated with Nitti; was he not?

Mr. GREENBERG. I do not know, sir.

Mr. ROBINSON. Are you sure that it wasn't Nitti that put you in touch with Gizzo in Kansas City?

Mr. GREENBERG. I am sure of that. I have done business with a fellow by the name of Schwartz; not with Gizzo, who run that business. I didn't sell it to Gizzo; I sold it to a fellow by the name of Schwartz.

Mr. HALLEY. Well, isn't it a fact that Gizzo and a group of people who are reputed to have been Mafia members in Kansas City previously had the Schlitz beer agency?

Mr. GREENBERG. Yes.

Mr. HALLEY. And a soda-water company?

Mr. GREENBERG. Yes.

Mr. HALLEY. And some man named Fiegenspahn?

Mr. GREENBERG. Oh, that is in the later years. That came real later in the later years, when they had our beer for a little while.

Mr. HALLEY. Then, in 1936——

Mr. GREENBERG. Yes; the old——

Mr. HALLEY. Then Schlitz didn't want them, because of their reputation; is that the fact?

Mr. GREENBERG. No; I don't know why Schlitz didn't want them.

Mr. HALLEY. But they couldn't hold the Schlitz agency?

Mr. GREENBERG. They couldn't hold the Schlitz agency, and that time they were selling some other beers outside of my beer.

Mr. HALLEY. Didn't Mr. Gizzo say that he came up and saw you?

Mr. GREENBERG. Yes, sir; he saw me. He came down and he saw me. That's the first time I think I met Gizzo.

Mr. HALLEY. He got the agency?

Mr. GREENBERG. He got the agency for Kansas City.

Mr. HALLEY. That's right.

Mr. GREENBERG. That's correct, sir. I think you know it better than I do.

Mr. HALLEY. I struggled with Gizzo over it, so I know.

Mr. GREENBERG. So that's why you know.

Mr. ROBINSON. Do you know Joe Fusco?

Mr. GREENBERG. Yes, sir.

Mr. HALLEY. And you have known him quite a time?

Mr. GREENBERG. I know him for a long time.

Mr. ROBINSON. You met him first during the prohibition days?

Mr. GREENBERG. No; I think I met him—I cannot recall when I met him.

Mr. ROBINSON. What business was he in when you met him?

Mr. GREENBERG. I think it was in the beer business, if I recall it right.

Mr. ROBINSON. He owned a beer business? Did he own a beer business?

Mr. GREENBERG. I can't recall that.

Mr. ROBINSON. Were you ever associated in business with him?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. You have never been associated in the operation of the San Carlo Italian Village with him in 1933 and 1934?

Mr. GREENBERG. No. I was appointed at that time receiver on the Italian Village.

Mr. ROBINSON. What?

Mr. GREENBERG. I was appointed receiver. They went into bankruptcy and I took it over and I ran the Italian Village.

Mr. ROBINSON. Was Fusco interested at that time in that?

Mr. GREENBERG. I do not remember ever seeing him there.

Mr. ROBINSON. You sell beer to Fusco?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. You had no business dealings whatsoever with him?

Mr. GREENBERG. For the record, I would like to correct it. I saw it in the paper that I buy beer from him. I do not buy beer from him.

The CHAIRMAN. I think you said that you bought beer from him.

Mr. GREENBERG. No, sir.

The CHAIRMAN. You didn't say that?

Mr. GREENBERG. I don't think so. I will correct it if I did.

The CHAIRMAN. If he said it or it was incorrectly carried, we are glad to have you make a correction.

Mr. GREENBERG. I make that correction. I never bought beer from Fusco.

The CHAIRMAN. Or Gold Seal or any of his companies?

Mr. GREENBERG. No, sir. I might have bought a case of whisky, I will take it back, or something like it, but I don't remember buying—

The CHAIRMAN. He has seven or eight companies, you know.

Mr. GREENBERG. I do not know, sir. The only thing I know, he is connected with the Gold Seal.

The CHAIRMAN. Well, he has about seven or eight companies and it might be that you bought from some of these other companies.

Mr. GREENBERG. That might be.

The CHAIRMAN. Without knowing it was his company.

Mr. GREENBERG. That might be.

Mr. HALLEY. One might be the Bohemian Brewing Co.?

Mr. GREENBERG. I never bought from the Bohemian Brewing Co. That is my competition, in fact.

Mr. HALLEY. You have had no dealings with Bohemian?

Mr. GREENBERG. I don't even know where the Bohemian Brewery is. I stand on that statement. Of course, that is injuring my business; that is why I stand on my statement.

Mr. ROBINSON. Did you have any business dealing with Charles Gioe?

Mr. GREENBERG. No, sir.

Mr. ROBINSON. But you have known him quite some time?

Mr. GREENBERG. Yes, sir.

Mr. ROBINSON. What business was he in prior to the time he went to the penitentiary?

Mr. GREENBERG. I do not know, sir.

Mr. ROBINSON. You knew him quite intimately?

Mr. GREENBERG. I know him. I know him.

Mr. ROBINSON. You didn't know him intimately enough to know what business he was in?

Mr. GREENBERG. That's right, sir.

Mr. ROBINSON. Did you ever inquire as to what business any of these people were in that you have mentioned?

Mr. GREENBERG. I do not ask them.

The CHAIRMAN. Mr. Greenberg, doesn't Gioe visit you often at the Seneca Hotel?

Mr. GREENBERG. I see him there.

The CHAIRMAN. He lives there?

Mr. GREENBERG. Yes, sir. He lived in that Seneca Hotel before I had an interest in the Seneca Hotel.

Mr. ROBINSON. You have a controlling interest in the Seneca Hotel?

Mr. GREENBERG. I would like to correct that statement, sir, and I wish the committee would correct this statement.

Mr. ROBINSON. Let me state it this way: Do you have the controlling interest in the voting stock?

Mr. GREENBERG. I would like to correct the statement right here before the committee. Here is the list of the stockholders and I do not control the Seneca Hotel.

The CHAIRMAN. Without diagnosing this, Mr. Greenberg, it has been said that you had the controlling interest in the Seneca Hotel.

Mr. GREENBERG. If the committee—

The CHAIRMAN. I don't think that the committee has said it; I think maybe some witness has said it and we will be glad to have you correct it.

Mr. GREENBERG. Here it is right on the top, sir.

The CHAIRMAN. You tell us the percentage of ownership.

Mr. GREENBERG. Right, sir, on the top, sir, and I stand by that statement. There is 23,000 shares, which I own about 7,000.

The CHAIRMAN. Reading on the top here—reading on the top what you have given—

Mr. GREENBERG. I wish you would do that for me, sir. It would be more correct.

The CHAIRMAN. We will do this, Mr. Greenberg: Your statement is that 6,049.91 shares of stock held in trust for A. Greenberg under

trust No. 2393 at Liberty National Bank of Chicago, and under that 1,338.704⁵/₆ shares of Seneca Hotel stock held by Mr. Greenberg out of trust. That is approximately 7,400 shares.

Mr. GREENBERG. Out of 24,000 shares.

The CHAIRMAN. Out of 24,000 shares.

Mr. GREENBERG. See, I want to make this correction, see. The next time that the committee comes to Chicago I would like to have the committee stop in the Seneca Hotel. Of course, I do not control that.

The CHAIRMAN. We appreciate that.

Mr. GREENBERG. And for the benefit of the Cleveland people, they could come there. We operate a very nice hotel. Might as well give the Seneca Hotel a boost over here.

The CHAIRMAN. What are your rates down there?

Mr. GREENBERG. Very liberal. Very liberal. We got good food over there.

The CHAIRMAN. Does Mrs. Greenberg own any stock in this hotel?

Mr. GREENBERG. No, sir.

The CHAIRMAN. No member of your family owns any stock?

Mr. GREENBERG. No, sir.

The CHAIRMAN. Besides you?

Mr. GREENBERG. No, sir.

The CHAIRMAN. Are you the president?

Mr. GREENBERG. Of the Seneca Hotel?

The CHAIRMAN. Yes.

Mr. GREENBERG. No, sir. Here is the trust, sir, all fine people.

The CHAIRMAN. What office do you hold, if any?

Mr. GREENBERG. None whatever.

Mr. ROBINSON. Isn't it true, Mr. Greenberg, that you have a 50-percent beneficial interest in the voting trust and that 80 percent is necessary to vote the trust?

Mr. GREENBERG. Then I haven't got no control, sir.

Mr. ROBINSON. Is that an accurate statement of what your interest is?

Mr. GREENBERG. Here is the trust right in front of you, gentlemen. That is a trust of 7,000 shares.

Mr. HALLEY. Mr. Greenberg—

Mr. GREENBERG. The trusts represents about 12,000 shares.

The CHAIRMAN. It is not to be copied in the record but in order that we can get the matter accurately, will you leave these with us or do you want them back now?

Mr. GREENBERG. Well, if the committee wants it, they could have it.

The CHAIRMAN. Then after we have gone over them, we will return them to you.

Mr. GREENBERG. Yes, sir.

Mr. HALLEY. Just one thing on that. By asking the questions, you understand I am not implying that there is anything wrong with your control in the Seneca Hotel.

Mr. GREENBERG. I understand, sir, but—

Mr. HALLEY. How many stockholders are there?

Mr. GREENBERG. A couple of hundred. We have got a list. All fine people.

Mr. HALLEY. Are there any holders of large blocks comparable to yours?

Mr. GREENBERG. There is another group over there which you got all their names right there which they own six or seven thousand shares.

Mr. HALLEY. What is that group?

Mr. GREENBERG. Well, it is right there on record.

Mr. HALLEY. Do you know who the group are?

Mr. GREENBERG. Right there it tells you every name. On the bottom.

Mr. HALLEY. Here?

Mr. GREENBERG. Yes.

Mr. HALLEY. You mean Engert?

Mr. GREENBERG. That goes on. That is what was bought and sold. That is the whole story [indicating document].

Mr. HALLEY. Who are your owner group?

Mr. GREENBERG. Fellow by the name of Rosenfeld, fellow by the name of Schiff, a fellow by the name of Wall.

Mr. HALLEY. It would be perfectly apparent that if the two large groups might engage in dispute, you will have what is known as working control of the company.

Mr. GREENBERG. We have no dispute, sir.

Mr. HALLEY. Then you do, with the other groups, have a working control?

Mr. GREENBERG. I don't know what you call working control, sir.

Mr. HALLEY. I mean, Mr. Greenberg—and I just want the record to be clear, and I repeat, without any inference to be drawn as to whether control of the hotel is subject to criticism or not——

Mr. GREENBERG. There is no criticism with anyone.

Mr. HALLEY. I am not making any, but isn't the fact that in a hotel in which there are—how many shares outstanding, 24,000?

Mr. GREENBERG. There is altogether, which the trust has got about 12,000.

Mr. HALLEY. So that if the trust is not subject to disputes, it would be practically impossible for the several hundred holders of 10, 2, 1, 40 shares, to get together as a practical proposition in the future control and management?

Mr. GREENBERG. It is up to you gentlemen. You can figure it out for yourselves. We have no trouble.

Mr. HALLEY. But you have been active in financial circles for many years and what I am trying to do is get perfectly clear on the record the fact that when a man owns 7,000 shares out of 24,000 shares in a hotel, he is in a pretty good position to exercise practical working control, especially if the only other large group is working harmoniously with him in a voting trust.

The CHAIRMAN. I think that is quite obvious. Let's go on to something else.

Mr. ROBINSON. You knew John Torrio?

Mr. GREENBERG. I remember him, but I don't know him well enough.

Mr. ROBINSON. You don't know him very well?

Mr. GREENBERG. No.

Mr. ROBINSON. Who is Louis King?

Mr. GREENBERG. He used to be connected with me in the brewery in the beginning.

Mr. ROBINSON. He and Benjamin Rosenberg?

Mr. GREENBERG. Yes, sir. He bought some of his stock.

Mr. ROBINSON. That is Mr. King?

Mr. GREENBERG. With the Atlas Brewing Co.

Mr. ROBINSON. You had an officer in the brewery at one time by the name of Arthur C. Loto or Leta.

Mr. GREENBERG. Yes.

Mr. ROBINSON. He was president from 1938 to 1942, is that right?

Mr. GREENBERG. Correct.

Mr. ROBINSON. Did he hold any State position at that time?

Mr. GREENBERG. No.

Mr. ROBINSON. How did he happen to get into the Canadian Ace Co.?

Mr. GREENBERG. The stockholders at that time recommended him, and he bought about \$10,000 worth of stock, and he was a very fine fellow. He was a German fellow.

He thought he would make good for the business.

Mr. ROBINSON. Did he subsequently leave the company?

Mr. GREENBERG. Yes; when he was elected State treasurer in Illinois.

Mr. ROBINSON. What was his salary when he was president of the Canadian Ace?

Mr. GREENBERG. I can't recall offhand now.

Mr. ROBINSON. It was more than he would get as the State auditor, was it not?

Mr. GREENBERG. I don't know what the salary of a State auditor is, so I wouldn't know it.

Mr. ROBINSON. You contributed rather heavily to his campaign, Mr. Greenberg.

Mr. GREENBERG. Tried to help him.

Mr. ROBINSON. \$20,000?

Mr. GREENBERG. I do not remember. I think it is.

Mr. ROBINSON. It was about that?

Mr. GREENBERG. He had it coming.

The CHAIRMAN. Was that about what you put in, you think?

Mr. GREENBERG. Well, we did. He had it coming, a certain amount—we promised him at that time when he was with the company there a certain amount of money after earnings that he should get on a percentage basis.

Mr. ROBINSON. Is he in any position to help you as State auditor in the business?

Mr. GREENBERG. It wasn't necessary.

Mr. ROBINSON. I say: Was he in a position to help you in any way as State auditor?

Mr. GREENBERG. I don't think so.

The CHAIRMAN. What does a State auditor do? Does he check up tax returns, assessments, and keep account of records?

Mr. GREENBERG. Senator, I think you know better than I do what a State auditor does. I am in no position to tell you.

The CHAIRMAN. Well, any big corporation would have some matters in which the State auditor may help.

Mr. GREENBERG. I didn't have any dealings with them whatever after he was State auditor.

The CHAIRMAN. All right.

Mr. ROBINSON. Mr. Greenberg, what other business interest do you have except the Canadian Ace?

The CHAIRMAN. And the Seneca Hotel.

Mr. ROBINSON. And the Seneca Hotel.

Mr. GREENBERG. I will make it very easy for you. See, I don't hide my records.

(Mr. Greenberg hands documents to the chairman.)

The CHAIRMAN. Let that be made an exhibit to his testimony.

Mr. ROBINSON. Yes, I offer it.

That is the résumé of your property holdings and business interests?

(Document referred to is identified as exhibit No. 70, and is on file with the committee.)

Mr. GREENBERG. I have been paying that to the Government, so it tells you everything.

Mr. ROBINSON. Mr. Greenberg, do you know Arthur Elrod?

Mr. GREENBERG. Yes.

Mr. ROBINSON. How long have you known him?

Mr. GREENBERG. I have known him for about 25 years, I guess—20 years—many years. He used to be on the West Side.

Mr. ROBINSON. Is that where your saloon was originally located?

Mr. GREENBERG. Where my finance company used to be in that same ward, in the twenty-fourth ward.

Mr. ROBINSON. Did you ever have any business dealings with Mr. Elrod?

Mr. GREENBERG. I think I did have one transaction with him, a piece of real estate.

Mr. ROBINSON. One concession.

Mr. GREENBERG. Transaction.

Mr. ROBINSON. What was that?

Mr. GREENBERG. A piece of property; I can't recall it now.

Mr. ROBINSON. Do you have any social contact with him?

Mr. GREENBERG. I don't know what you call social.

Mr. ROBINSON. Are your families very close?

Mr. GREENBERG. I know his family and he knows my family.

Mr. ROBINSON. Quite well?

Mr. GREENBERG. I would call it pretty well.

Mr. ROBINSON. What business was he first in when you met him?

Mr. GREENBERG. I couldn't recall. It was connected in politics, that's all I know of.

Mr. ROBINSON. You, of course, contributed to his campaign?

Mr. GREENBERG. I do—I did.

Mr. ROBINSON. Substantial sums?

Mr. GREENBERG. I don't know what you call substantial. As good as I do for every other campaign that is run for politicians.

Mr. ROBINSON. Isn't it true that you contributed substantially more to his campaign than to the others?

Mr. GREENBERG. Probably.

Mr. ROBINSON. What is the largest sum you have ever given to campaigns?

Mr. GREENBERG. If I remember right, about a thousand dollars.

Mr. ROBINSON. In 1946?

Mr. GREENBERG. Approximately.

Mr. ROBINSON. Did you distribute your beer in New York?

Mr. GREENBERG. No. I used to.

Mr. ROBINSON. Why did you withdraw from the New York territory?

Mr. GREENBERG. The brewery didn't want me over there.

Mr. ROBINSON. What breweries?

Mr. GREENBERG. I couldn't remember them. There was many breweries there.

Mr. ROBINSON. Did you at one time plan to distribute your beer through a company called World's Champion, Inc.?

Mr. GREENBERG. Yes.

Mr. ROBINSON. That was in 1948 or thereabouts?

Mr. GREENBERG. Thereabouts.

Mr. ROBINSON. What was the nature of the transaction or the dealings with the World's Champion beer that you were proposing or negotiating?

Mr. GREENBERG. I was just trying to give them a distributorship for New York City.

Mr. ROBINSON. Who was connected with World's Champion at that time?

Mr. GREENBERG. Joe Louis, Ray Robinson.

The CHAIRMAN. What is the second name? Joe Louis?

Mr. GREENBERG. The fighter.

The CHAIRMAN. Is that the fighter?

Mr. GREENBERG. Yes.

The CHAIRMAN. Ray Robinson?

Mr. GREENBERG. Mr. Ray Robinson. Sugar Ray.

The CHAIRMAN. Who?

Mr. GREENBERG. Sugar Ray. They call him Sugar.

The CHAIRMAN. Did you name all of them, or did you have others?

Mr. GREENBERG. No. There must have been some others, Senator.

Mr. ROBINSON. The Canadian Ace became a stockholder, did it not, in that company?

Mr. GREENBERG. I can't remember it. We might have tried—maybe they were short of money or something.

Mr. ROBINSON. You are not sure of that?

Mr. GREENBERG. I am not sure.

Mr. ROBINSON. Didn't they have voting trusts in which Canadian Ace held a hundred shares?

Mr. GREENBERG. I don't know.

Mr. ROBINSON. What became of that deal?

Mr. GREENBERG. They couldn't get a license.

Mr. ROBINSON. What?

Mr. GREENBERG. They couldn't get a license.

Mr. ROBINSON. Why?

Mr. GREENBERG. The breweries didn't like to see us in there. Joe Louis negotiated the deal with the Pabst Blue Ribbon brewery, and they had the deal pretty nearly made with them, and I upset the deal, and that is why I lost my license over there.

Mr. ROBINSON. Wasn't it true that the world's champion didn't get a license because of some misrepresentation on the application?

Mr. GREENBERG. In my opinion, no. That wasn't the case.

Mr. ROBINSON. Wasn't that alleged to have been the case?

Mr. GREENBERG. That was alleged to. That is what they said.

Mr. ROBINSON. Wasn't that the reason given for refusal to issue the license?

Mr. GREENBERG. I imagine that was.

Mr. ROBINSON. Have you ever been arrested?

The CHAIRMAN. Wait a minute. Before we leave this world's champion, your opinion is that that was not really the reason, alleged misrepresentation, that the New York breweries just didn't want you in there?

Mr. GREENBERG. Yes, Senator. I stand on that statement.

The CHAIRMAN. You had reason to believe that they were making it pretty hot for you and your connections if you did come in?

Mr. GREENBERG. I am sure of that.

The CHAIRMAN. How are you sure of it?

Mr. GREENBERG. Of course, there was no reason to turn our license down. I had a license there for all them years.

The CHAIRMAN. What came to your attention that made you think that the New York breweries were not very pleased about the prospect of you coming in?

Mr. GREENBERG. They turned down our license because that one of our board of directors didn't state that he has a license—carries a license in the Seneca Hotel. That was the reason given. One of the board of directors of the Canadian Ace brewery didn't state that he is connected with the Seneca Hotel, that he is on the board of directors over in the Seneca Hotel, and the Seneca Hotel has got a license to sell liquor.

The CHAIRMAN. Where was that license turned down?

Mr. GREENBERG. In New York City.

The CHAIRMAN. Was it the city of New York license board that turned it down?

Mr. GREENBERG. I think so.

The CHAIRMAN. You had other indications to indicate that other companies were bringing pressure or taking some action to try to keep you out; is that correct?

Mr. GREENBERG. Gentlemen, I am not able to prove it, so I cannot make such a statement.

The CHAIRMAN. I know, but is that your idea?

Mr. GREENBERG. That is positively my idea.

The CHAIRMAN. And there were things that happened that led you to believe that that is true?

Mr. GREENBERG. I am sure of that, sir, within my own mind.

The CHAIRMAN. You mean that effort was being brought on the part of the politicians?

Mr. GREENBERG. I don't know from where it was brought, sir, but it was absolutely—that is the reason for it that we lost our license.

The CHAIRMAN. But the other breweries saw to it that you didn't get a license?

Mr. GREENBERG. I would stand on that.

The CHAIRMAN. All right. Excuse me, Mr. Robinson.

Mr. ROBINSON. That is all right.

Now, Mr. Greenberg, did you have a distributor by the name of Swift-Sure?

Mr. GREENBERG. Yes.

Mr. ROBINSON. Where is that located?

Mr. GREENBERG. 555 Pershing Road, Chicago.

Mr. ROBINSON. Had you made loans to that distributor?

Mr. GREENBERG. I don't know what you call loans. We have given him credit, what we call it.

Mr. ROBINSON. Haven't you also made loans yourself to that distributor?

Mr. GREENBERG. No. Just the other way. I borrowed money from them.

Mr. ROBINSON. Why would you borrow money from a distributor?

Mr. GREENBERG. Well, I needed it. It is a nice question about why you borrow money. You need it.

Mr. ROBINSON. Have you borrowed money from other distributors?

Mr. GREENBERG. No; I don't think so. Maybe I did. I couldn't say that.

Mr. ROBINSON. But you have never borrowed as large sums as you have borrowed from Swift-Sure?

Mr. GREENBERG. I didn't borrow such a big sum from Swift-Sure, either. The most I ever borrowed——

The CHAIRMAN. What is the name of that company?

Mr. ROBINSON. The Swift-Sure Beer Service is the name, is it not, Mr. Greenberg?

Mr. GREENBERG. Yes.

Mr. ROBINSON. Swift-Sure Beer Service?

Mr. GREENBERG. That's right.

Mr. ROBINSON. Do you have any financial control over that distributorship?

Mr. GREENBERG. No.

Mr. ROBINSON. And you have no interest in any stock in that company?

Mr. GREENBERG. No.

Mr. ROBINSON. Never have had?

Mr. GREENBERG. Never.

Mr. ROBINSON. How much did you borrow from that company?

Mr. GREENBERG. The most I ever owed them at any time was \$70,000, and here is all the papers and all the photographed checks. I borrowed and paid them, and paid them with interest. I want to clear the record on that.

Mr. ROBINSON. But you say you have never loaned them money?

Mr. GREENBERG. I never went over \$70,000. I never owed them over \$70,000.

Mr. ROBINSON. Did you loan them that money?

Mr. GREENBERG. They loaned me that money.

Mr. ROBINSON. They loaned you that money?

Mr. GREENBERG. Yes.

Mr. ROBINSON. To you personally or to the Canadian Ace?

Mr. GREENBERG. To me personal.

Mr. ROBINSON. Why would you have to borrow from them?

Mr. GREENBERG. That is a nice question, Mr. Robinson. You must be very good that you never borrowed money. I borrow money. That is my business. If I can, I borrow from you.

Mr. ROBINSON. What interest did you pay on that loan?

Mr. GREENBERG. I couldn't tell you.

Mr. ROBINSON. What interest did you pay on the loan?

Mr. GREENBERG. It shows you right there in the statement. I paid him \$4,500 interest after closing my transactions with them.

Mr. ROBINSON. Have you paid the loan back?

Mr. GREENBERG. All the checks are there to prove it, every check and every statement is there up to the minute.

Mr. ROBINSON. Have you borrowed money from the White Water Distributing Co.?

Mr. GREENBERG. Yes.

Mr. ROBINSON. Approximately \$100,000?

Mr. GREENBERG. I can't recall how much.

The CHAIRMAN. I didn't understand the name of that company.

Mr. ROBINSON. White Water Distributing Co.

Where is that located, Mr. Greenberg?

Mr. GREENBERG. I think they are located some place on Western Avenue.

Mr. ROBINSON. Why would you borrow from that company? For the same reason?

Mr. GREENBERG. For the same reason.

Mr. ROBINSON. You needed the money?

Mr. GREENBERG. I borrow lots of money from banks. Maybe you will ask the banks why they give me that money.

Mr. ROBINSON. Did you ever loan money to the White Water Co.?

Mr. GREENBERG. I don't think so. Maybe I did.

Mr. ROBINSON. Have you paid the money back to them?

Mr. GREENBERG. Yes.

Mr. ROBINSON. Are those the only two distributors that you borrowed money from?

Mr. GREENBERG. To the best of my recollection.

Senator, right on top it explains every check and every one item by item. It tells you from one transaction to the other, from one all through.

Mr. ROBINSON. You distribute all over the country, don't you, the Canadian Ace?

Mr. GREENBERG. Not quite all over the country.

Mr. ROBINSON. What would you say your volume of business is annually?

Mr. GREENBERG. I don't quite get that question.

Mr. ROBINSON. Approximately what was the volume of business done by the company in dollar volume a year?

Mr. GREENBERG. I couldn't tell you in dollars. I don't know. Maybe 10,000,000. I don't know.

The CHAIRMAN. Is that your best guess, \$10,000,000?

Mr. GREENBERG. I am just guessing.

Mr. ROBINSON. You had a distributor by the name of Ralph Buglio?

Mr. GREENBERG. Yes.

Mr. ROBINSON. How long have you known him?

Mr. GREENBERG. Since 1934.

Mr. ROBINSON. Since 1934?

Mr. GREENBERG. Yes.

Mr. ROBINSON. How did you meet him?

Mr. GREENBERG. The same as I meet all of my other distributors.

Mr. ROBINSON. Have you ever been arrested, Mr. Greenberg?

Mr. GREENBERG. Never been convicted of any crime.

Mr. ROBINSON. I asked you if you ever had been arrested.

Mr. GREENBERG. Indicted. I have never been convicted of any crime.

Mr. ROBINSON. You have been indicted?

Mr. GREENBERG. I have been indicted, and been discharged in Federal court before the court opened up, before the session opened.

Mr. ROBINSON. What was that charge?

Mr. GREENBERG. They fined some people money on liquor receipts which after a while when they took out the liquor receipts from me, they took out the whisky from the warehouse.

Mr. ROBINSON. You were not convicted on that?

Mr. GREENBERG. Never been convicted in my time, in my life.

The CHAIRMAN. Anything else?

Mr. ROBINSON. That is all.

The CHAIRMAN. Mr. Halley?

Mr. HALLEY. No questions.

The CHAIRMAN. Mr. Greenberg.

Mr. GREENBERG. Yes sir.

The CHAIRMAN. These dealings here with Engert, who was he?

Mr. GREENBERG. That used to be a partner of mine. I bought some stock from him.

The CHAIRMAN. He used to be a partner?

Mr. GREENBERG. Yes.

The CHAIRMAN. That doesn't have anything to do with Swift-Sure Co?

Mr. GREENBERG. No. It shows there where I borrowed the money, where I put the money in, and how I paid the money. I am giving you a full statement.

The CHAIRMAN. You made a check here to Mr. Engert of \$69,000. You seemed to borrow the money from Swift-Sure business to pay him?

Mr. GREENBERG. Correct. I show you from one to the other, sir.

The CHAIRMAN. It is interesting that you borrowed about \$70,000, and then you repaid it in 3 weeks, something of that sort.

Mr. GREENBERG. I went to the bank and got a loan from the bank.

Did you find it there, Senator? I borrowed \$70,000 for 1 day, or \$60,000 for 1 day, and I repaid the same day.

The CHAIRMAN. Why do you have to do it, then?

Mr. GREENBERG. Why, till I reach the bank. If I owe you money, I pay you, and I went and made another loan.

The CHAIRMAN. This Swift-Sure, did you sign a note when you borrowed this money?

Mr. GREENBERG. Yes. I explain—a full explanation goes on that, and I would like to clear the record, and I would appreciate it if—

The CHAIRMAN. All of these are photostats except this one here.

Mr. GREENBERG. That's right.

The CHAIRMAN. You want this one back?

Mr. GREENBERG. Well, if the Senator—I trust him very much, he seems to be very nice people.

The CHAIRMAN. Well, I don't think we want to keep your original check.

Who all was in the Swift-Sure Beer Co? Who are the people that run it?

Mr. GREENBERG. Who run it at the present time?

The CHAIRMAN. Who is the president and who is the—I mean, why did you pick them out particularly to borrow money from and have these transactions?

Mr. GREENBERG. Because they are one of our biggest distributors.

The CHAIRMAN. Who is the man who runs it?

Mr. GREENBERG. They sell a million cases of beer a year. A fellow by the name—the man is dead. His name happened to be Greenberg, the same as mine, no relation whatever. His father used to be one of our finest rabbis in the city of Chicago.

The CHAIRMAN. This fellow Epstein, does he represent you?

Mr. GREENBERG. Epstein?

The CHAIRMAN. Yes. Do you know him, Joe Epstein?

Mr. GREENBERG. No.

The CHAIRMAN. Do you know Joe Epstein?

Mr. GREENBERG. I don't think so. I don't know. I might.

The CHAIRMAN. Who is your distributor down at Des Moines?

Mr. GREENBERG. I haven't got any now.

The CHAIRMAN. The one you did have.

Mr. GREENBERG. I had a fellow by the name of Lou Farrell.

The CHAIRMAN. How do you spell that last name?

Mr. GREENBERG. I don't know. I really don't know. It is an Italian name.

The CHAIRMAN. Lou what?

Mr. GREENBERG. Farrell, I guess.

Mr. HALLEY. F-a-r-r-e-l-l.

The CHAIRMAN. Farrell. He came from Chicago, didn't he?

Mr. GREENBERG. Yes, sir.

The CHAIRMAN. What was his name in Chicago?

Mr. GREENBERG. I really don't know.

The CHAIRMAN. It wasn't Lou Farrell?

Mr. GREENBERG. It is the same name.

The CHAIRMAN. It was another name? He had another name in Chicago?

Mr. GREENBERG. I wouldn't know, sir.

The CHAIRMAN. What was the name of his company?

Mr. GREENBERG. I don't know.

The CHAIRMAN. Do you know whether he had quite a record for criminal activity?

Mr. GREENBERG. I don't know.

The CHAIRMAN. Haven't you heard that he was reputed to be one of the characters in that part of the world?

Mr. GREENBERG. I don't know. I only sell beer; anybody who has got a license I sell beer to, otherwise I couldn't sell them.

The CHAIRMAN. Some of these people who have testified before us in Chicago said they got beer from the Canadian Ace back even during prohibition times but that must be a mistake because you weren't running then?

Mr. GREENBERG. Not mistaken. My God. But I don't know a thing about it.

The CHAIRMAN. You did own an interest in it then?

Mr. GREENBERG. Yes, sir; I had the mortgage on it.

The CHAIRMAN. You had a mortgage on it?

Mr. GREENBERG. Yes.

The CHAIRMAN. Who was running it for you?

Mr. GREENBERG. I don't know. I wasn't running the brewery at that time.

The CHAIRMAN. Was Al Capone connected with it?

Mr. GREENBERG. No, sir, not as I know of.

The CHAIRMAN. Do you know one way or the other whether he was?

Mr. GREENBERG. It couldn't be. The only people I know was Deen O'Bannion, and couldn't be connected with Deen O'Bannion, and that's why I would like to correct it. I think you got me connected with the wrong mob, what you call.

The CHAIRMAN. How did we make a mistake?

Mr. GREENBERG. I just got through telling you, I bought my stock from Deen O'Bannion and Hymie Weiss. That was just the opposite. That was the Republicans.

The CHAIRMAN. So we have you in——

Mr. GREENBERG. You got me connected with the Democrats and the Republicans, vice versa. I don't know.

The CHAIRMAN. Let's get that straight. Which was the Democratic mob and which was the Republican?

Mr. GREENBERG. I don't know which one. I bought it from Deen O'Bannion.

The CHAIRMAN. Was he a Republican?

Mr. GREENBERG. I couldn't tell you. I call him so.

The CHAIRMAN. That is the North Side?

Mr. GREENBERG. That's correct, sir.

The CHAIRMAN. Well, Capone was at one time a Democrat but then he supported Thompson for mayor, didn't he?

Mr. GREENBERG. I don't know that, either.

The CHAIRMAN. So that he was on both sides of the fence?

Mr. GREENBERG. That might be.

The CHAIRMAN. Part of the time. I notice, sir, that first the Manhattan Brewing Co. appears and you had gotten approximately \$35,000 from that, \$30,000 back there. Was that your yearly salary in addition to your dividends?

Mr. GREENBERG. Yes, sir.

The CHAIRMAN. But now it seems to have been changed to Canadian Ace Brewing Co. That is the same company, isn't it?

Mr. GREENBERG. Correct, sir.

The CHAIRMAN. Did you change the name of the corporation?

Mr. GREENBERG. Yes, sir.

The CHAIRMAN. How come?

Mr. GREENBERG. I didn't like the name Manhattan Brewery with all the publicity I am getting, free publicity, but don't sell enough beer for it.

The CHAIRMAN. City realty management, that is not a company, that is just some real estate property?

Mr. GREENBERG. That's real real estate.

The CHAIRMAN. What is this Homer Gwinn & Co.?

Mr. GREENBERG. That is commission on insurance.

The CHAIRMAN. You mean you get a commission on insurance?

Mr. GREENBERG. Uh-huh.

The CHAIRMAN. Are you in the insurance business?

Mr. GREENBERG. I got insurance, yes, sir.

The CHAIRMAN. Do you have an insurance agency?

Mr. GREENBERG. That's right. Anything against that?

The CHAIRMAN. No, nothing against it.

Mr. GREENBERG. Thank you, sir.

The CHAIRMAN. I just marvel that you can have so many businesses.

Mr. GREENBERG. Thank you.

The CHAIRMAN. Do you operate this yourself or do you have Homer Gwinn operate it?

Mr. GREENBERG. No, Homer Gwinn, we reinsure with Homer Gwinn.

The CHAIRMAN. You have a partnership in a building on Cornell Avenue?

Mr. GREENBERG. Yes, sir.

The CHAIRMAN. And Gladys Avenue?

Mr. GREENBERG. Gladys Avenue. I don't think there is a partnership; it belongs to me.

The CHAIRMAN. That is just your own. And then 333 E Street. Where is that property? San Bernardino?

Mr. GREENBERG. That is a closed deal.

The CHAIRMAN. Was that San Bernardino, Calif.?

Mr. GREENBERG. That's right, sir.

The CHAIRMAN. That is all finished up?

Mr. GREENBERG. That's right.

The CHAIRMAN. What is the Universal Sales Stables?

Mr. GREENBERG. My daughter had a couple of horses and I made—I think I lost \$6 or I made \$6; I don't know.

The CHAIRMAN. You made more and lost more than that out of the horses.

Mr. GREENBERG. Well, I don't know. It is either way; I don't know. I really couldn't answer you.

The CHAIRMAN. There are pretty big amounts you lost with the Universal Stables.

Mr. GREENBERG. Did I lose it?

The CHAIRMAN. No; you seem to have made some profit on it.

Mr. GREENBERG. Thank you, sir. I didn't know you could make money on the horses.

The CHAIRMAN. But you did, apparently.

Mr. GREENBERG. Now, that shows you we are honorable men.

The CHAIRMAN. Almost \$3,000.

Mr. GREENBERG. That's why I am here; the committee should give me a good send-off.

The CHAIRMAN. Then perfume, some kind of venture; what is that?

Mr. GREENBERG. Perfume?

The CHAIRMAN. No; I guess that is Perlman & Edelman venture.

Mr. GREENBERG. Well, something——

The CHAIRMAN. Perlman, I guess.

Mr. GREENBERG. Perlman.

The CHAIRMAN. What sort of venture was that?

Mr. GREENBERG. I must have got into some business; I don't know. It wasn't a gambling business, either.

The CHAIRMAN. You are not in the gambling business?

Mr. GREENBERG. If I am, I hope the Senator tells me I collect my end.

The CHAIRMAN. I expect you would get your end all right.

Mr. GREENBERG. I expect to.

The CHAIRMAN. What is the Gilbert Bros. Construction Co.?

Mr. GREENBERG. That was the construction which I had an interest in that.

The CHAIRMAN. What are these bond deals that you made a commission on?

Mr. GREENBERG. There is no objection to buy bonds; is it?

The CHAIRMAN. No. You buy bonds and then sell them; is that it?

Mr. GREENBERG. No; I just buy bonds. They happen to be Government bonds, too. So, I listen to the radio and they ask you to buy bonds and I buy bonds. I am a good citizen.

The CHAIRMAN. Lloyd Garfield. What sort of deal was that?

Mr. GREENBERG. In California?

The CHAIRMAN. I don't know. It doesn't say where.

Mr. GREENBERG. In California. I got into a deal. I think I made some money there. I got in with very nice people. If you want to see the checks I could show you my partners.

The CHAIRMAN. Yes; that is all right. And City Realty Management. Are you in the real-estate business also?

Mr. GREENBERG. Yes, sir.

The CHAIRMAN. That is still operating, I suppose?

Mr. GREENBERG. Yes, sir. I haven't got one vacant apartment.

The CHAIRMAN. Does the City Realty Management manage the Seneca Hotel?

Mr. GREENBERG. No, sir.

The CHAIRMAN. What do they manage? What kind of property?

Mr. GREENBERG. My own property with a little outside property. We manage property.

The CHAIRMAN. But it is your own company that you have organized to manage your own real estate?

Mr. GREENBERG. That's right, sir.

The CHAIRMAN. Do you own all of the stock of the Canadian Ace Co.?

Mr. GREENBERG. No, sir.

The CHAIRMAN. What percentage of it?

Mr. GREENBERG. About 40 percent.

The CHAIRMAN. You bought stock from various and sundry people that were interested?

Mr. GREENBERG. Yes, sir.

The CHAIRMAN. Do you mind telling us about what you paid for your stock ownership in Canadian Ace?

Mr. GREENBERG. All different prices.

The CHAIRMAN. I mean the total amount.

Mr. GREENBERG. It is incorporated for \$200,000.

The CHAIRMAN. Did the mortgage you had on Canadian Ace have something to do with your getting the property?

Mr. GREENBERG. Yes, sir.

The CHAIRMAN. How did that operate?

Mr. GREENBERG. Of course, I find it—when the brewery was closed, the brewery was in bad condition and it wasn't worth the money. I was trying to sell it, and I couldn't sell it. That is the reason I am in the beer business.

The CHAIRMAN. So, then, you decided to buy up the stock?

Mr. GREENBERG. That's right, sir.

The CHAIRMAN. Took it over and operated it?

Mr. GREENBERG. In them days it looked very good. I wish I would have sold it instead of bought it.

The CHAIRMAN. There was a good deal of rumor about improper conduct back in the early days about Manhattan.

Mr. GREENBERG. Unless the committee clears me up, it will still keep on going. It has been going on for many years.

The CHAIRMAN. What I mean is that 20 years ago, during the rough days in Chicago, when they were rougher than they are now, there was a good deal of talk about it.

Mr. GREENBERG. It is not so awful.

The CHAIRMAN. Isn't that true?

Mr. GREENBERG. If the Senator will ask me the question again—

The CHAIRMAN. I say there was a good deal of talk about people connected back in the early thirties and the late twenties with Manhattan Brewery.

Mr. GREENBERG. That was the same talk went on all over the United States with all breweries.

The CHAIRMAN. Of course, they were operating illegally and selling beer, too.

Mr. GREENBERG. That might be, and I don't know.

The CHAIRMAN. During prohibition days.

Mr. GREENBERG. I do not know.

The CHAIRMAN. Anything else?

Mr. ROBINSON. I have two questions.

Is it true, Mr. Greenberg, the brewery was operating without your knowledge during that time?

Mr. GREENBERG. No; I only had the mortgage on it. If it did—maybe it did.

Mr. ROBINSON. It could have been operating?

Mr. GREENBERG. It could have.

Mr. ROBINSON. And you wouldn't have known about it?

Mr. GREENBERG. That might be.

Mr. ROBINSON. When did you get your mortgage?

Mr. GREENBERG. Oh, I couldn't remember, many years ago.

Mr. ROBINSON. Was that before prohibition?

Mr. GREENBERG. Yes.

Mr. ROBINSON. So it could have been operating and you wouldn't know about it?

Mr. GREENBERG. It could. That might be.

Mr. ROBINSON. And it could have been operated by Mr. Capone?

Mr. GREENBERG. I wasn't there. I couldn't—it is an awful—I understand the President appointed Republicans and he refuses them, and I don't think they—at that time it was on the same situation.

Mr. ROBINSON. Were you ever approached by Mr. DeLucia for a loan?

Mr. GREENBERG. Who?

Mr. ROBINSON. Paul DeLucia.

Mr. GREENBERG. No, sir.

Mr. ROBINSON. Were you ever approached by anyone to assist in the financing of any hotels in Florida?

Mr. GREENBERG. No, sir. I have been approached many times for all different people. I don't know what you mean by anybody.

Mr. ROBINSON. Did anyone talk to you about getting your assistance financially in connection with any hotels in Florida?

Mr. GREENBERG. I had lots of applications for loans. I don't know of any. If you mention any specifically, I will be able to answer you, sir.

Mr. ROBINSON. I mean any hotels in Florida.

Mr. GREENBERG. Not as I know of. I don't think so.

Mr. ROBINSON. That is all.

The CHAIRMAN. As I understand it, to summarize, Mr. Greenberg, you knew these fellows back in the old days, had some transactions with them, financed them, and did business with them, got the brewery, and your contention is that that has been gone a good many years ago?

Mr. GREENBERG. Yes, sir, Senator. I didn't do anything different than any bank in the United States, but I have been in the finance business; I finance anybody who brought good collateral, and that's what all the banks in the United States are doing.

The CHAIRMAN. But you got in business with some pretty unsavory characters.

Mr. GREENBERG. For an example, who, sir? Senator, I wish, Senator would clear me up on that.

The CHAIRMAN. Mr. Nitti.

Mr. GREENBERG. I happened to know him as a barber. Maybe your barber will become the President of the United States.

The CHAIRMAN. But the barber——

Mr. GREENBERG. And you won't recognize him.

The CHAIRMAN. But you don't get into business with a barber with \$100,000.

Mr. GREENBERG. I didn't get any business, Senator.

The CHAIRMAN. Anyway——

Mr. GREENBERG. That was my business.

The CHAIRMAN. Your relationship——

Mr. GREENBERG. That was absolutely——

The CHAIRMAN. Your relations——

Mr. GREENBERG. I want the Senator would correct that for me. It was absolutely my line of business.

The CHAIRMAN. I know that was your line of business, the Roosevelt Finance Co.

Mr. GREENBERG. I would like to answer something, Senator; I would like to ask him something. If he is in the banking business, does the banker ask him who deposits the money? I would like to get an answer from the Senator.

The CHAIRMAN. I have never been in the banking business but——

Mr. GREENBERG. If you haven't——

The CHAIRMAN. But I must say of your big customers, or, at least, one of your big customers seems to have been——

Mr. GREENBERG. Well, Senator, pardon me, if I may say it, Senator——

The CHAIRMAN. Seems to have been rather on a somewhat personal and also a big-time basis.

Mr. GREENBERG. May I make a correction of that, Senator? At that time I was the third largest company, I guess, in the city of Chicago, and I owed the bank a couple of million dollars; so I must have done lots of business.

The CHAIRMAN. All right.

Mr. GREENBERG. I never——

The CHAIRMAN. Anything else, Mr. Greenberg? Anything else you want to say?

Mr. GREENBERG. The only thing I want to say to the Senator, to correct for me, if he can—I understand you are a very fine committee—if anybody will correct me, all of those things will be corrected. Then the newspapers won't have what to write about me; they will write maybe a little better about me.

The CHAIRMAN. What do you want me to correct?

Mr. GREENBERG. Whatever you can. If you think I am wrong, I wish you would tell it to the press; and, if I am right, I wish you would tell it to the press. I will appreciate that.

The CHAIRMAN. I was trying to say, Mr. Greenberg, that from the record here it appears that you in the years back know or were associated with and did business with some of these people that have been——

Mr. GREENBERG. I don't know what you call business.

The CHAIRMAN. If you will let me finish, that is just my opinion.

Mr. GREENBERG. I am sorry, sir.

The CHAIRMAN. That, of all the businesses that you seem to be engaged in now, I don't see any that appear to be in violation of any law. I want to say that.

Mr. GREENBERG. Thank you, sir.

The CHAIRMAN. I am not passing on the moral matter of the brewery companies or any other businesses or as to distributors of them, but I don't see any businesses on the list that you have given me that are gambling or criminal transactions under the laws today.

Mr. GREENBERG. Thank you.

The CHAIRMAN. Although I don't want to say that my statement means that I am condoning the businesses that you have been in or the people that you have been associated with and have done business with.

If you have any other matter that you want to discuss or explain or——

Mr. GREENBERG. I haven't got nothing to say, sir.

The CHAIRMAN. This is your opportunity. Anything else? All right, Mr. Greenberg.

Mr. GREENBERG. Thank you, sir.

The CHAIRMAN. All right, Mr. Greenberg.

Mr. GREENBERG. I extend an invitation to the committee to stop at the Seneca.

The CHAIRMAN. Thank you very much for your invitation, sir.

The committee will have a 5-minute recess.

(After a brief recess, the committee heard the testimony of witnesses James Licavoli, Max Marmorstein, Malcolm R. Rhoades, George Gugel, Joseph Fretti, Floyd E. Ault, Edwin B. Topmiller, and Anthony Milano; which testimony is included in part 6 of the hearings of the committee.)

The CHAIRMAN. The committee will come back into session.

I regret this difficulty but we asked this witness to come here from Chicago and apparently he has been here all day and we just didn't find out about it somehow.

Mr. Aiuppa, do you solemnly swear the testimony you will give this committee will be the whole truth, and nothing but the truth, so help you God?

Mr. AIUPPA. I do.

The CHAIRMAN. All right, Mr. Robinson.

TESTIMONY OF JOSEPH AIUPPA, CICERO, ILL.

Mr. ROBINSON. State your full name, please, Mr. Aiuppa.

Mr. AIUPPA. Joseph Aiuppa.

Mr. ROBINSON. Where do you live, Mr. Aiuppa?

Mr. AIUPPA. 1836 Fifty-eighth Avenue, Cicero, Ill.

Mr. ROBERTSON. Mr. Aiuppa, do you have a place in Wisconsin?

Mr. AIUPPA. Gentlemen, I must stand on my constitutional rights. I will refuse to answer all questions on the grounds it may tend to incriminate me.

Mr. ROBINSON. The specific question is, Mr. Aiuppa, whether you have a place in Wisconsin.

Mr. AIUPPA. I refuse to answer on my constitutional rights.

The CHAIRMAN. Well, Mr. Aiuppa, the chairman directs you to answer that question.

Mr. AIUPPA. I refuse to answer that question for it may tend to incriminate me.

Mr. ROBINSON. How old are you, Mr. Aiuppa?

Mr. AIUPPA. I refuse to answer.

Mr. ROBINSON. You refuse to answer how old you are?

Mr. AIUPPA. I refuse to answer all questions.

The CHAIRMAN. Anyway, the chairman directs you to answer. Let me make it plain to you. We are just trying to get some facts and information for a Senate report, Mr. Aiuppa. This is not a court; you are not on trial for anything, and we want to treat you fairly but, of course, we are not going to get along very well if you won't even tell us where you live and how old you are.

Go ahead, Mr. Robinson.

Mr. ROBINSON. Mr. Aiuppa, you are a partner, are you not, with R. J. Anselone, Claude Maddocks or John "Screwy" Moore, and Harry Milner, and Ray Johnston in Taylor & Company; isn't that true?

Mr. AIUPPA. I stand on my constitutional rights.

The CHAIRMAN. Wait a minute. Do you refuse to answer?

Mr. AIUPPA. On the grounds it may tend to incriminate me.

The CHAIRMAN. Well, the chairman directs you to answer that question. Do you refuse?

Mr. AIUPPA. I still refuse, Senator.

The CHAIRMAN. Next question.

Mr. ROBINSON. Do you refuse on the ground it may tend to incriminate you or that it would tend to incriminate you?

Mr. AIUPPA. It may tend to incriminate me.

Mr. ROBINSON. Mr. Aiuppa, what is the business of Taylor & Co.?

Mr. AIUPPA. I refuse to answer on the grounds it may tend to incriminate me.

Mr. ROBINSON. Taylor & Co. is a legitimate business, isn't it?

Mr. AIUPPA. I refuse to answer it, sir.

Mr. ROBINSON. Doesn't Taylor & Co.—

The CHAIRMAN. You are ordered to answer.

Mr. ROBINSON. Doesn't Taylor & Co. manufacture gambling equipment and dice, crap tables, roulette wheels?

Mr. AIUPPA. I stand on my constitutional rights.

The CHAIRMAN. You are ordered to answer that question.

Mr. AIUPPA. I refuse to answer that question.

Mr. ROBINSON. Do you know R. L. O'Donnell?

Mr. AIUPPA. I stand on my constitutional rights.

The CHAIRMAN. You are ordered to answer that question, too. Do you refuse?

Mr. AIUPPA. I refuse to answer upon the same grounds.

Mr. ROBINSON. Do you know Anthony Accardo?

The CHAIRMAN. What is your answer?

Mr. AIUPPA. Refuse to answer.

The CHAIRMAN. You are ordered to answer.

Mr. AIUPPA. I stand on my constitutional rights.

Mr. ROBINSON. Do you know Tony Capezio?

Mr. AIUPPA. My answers is all the same.

The CHAIRMAN. Do you know him or not? And will you answer the question or not?

Mr. AIUPPA. I stand on my constitutional right.

The CHAIRMAN. The chairman orders you to answer the question, Mr. Aiuppa.

Mr. AIUPPA. I refuse to answer.

Mr. HALLEY. Where were you born?

Mr. AIUPPA. I refuse to answer that question.

Mr. HALLEY. Are you married?

Mr. AIUPPA. Refuse to answer that on the same grounds.

Mr. HALLEY. Do you have any children?

Mr. AIUPPA. Still refuse to answer on the same grounds.

Mr. HALLEY. Where is your residence?

Mr. AIUPPA. I answered that question.

Mr. HALLEY. Where is it?

Mr. AIUPPA. I refuse to answer on the same grounds. I have answered it once.

Mr. HALLEY. Do you have a residence? Mr. Aiuppa, do you have a residence? Do you have a legal residence in any particular State? (No response.)

It is a simple enough question.

The CHAIRMAN. Do you or not, Mr. Aiuppa? If you won't answer, just say that you refuse to answer.

Mr. HALLEY. Let the record show that the witness has made no answer whatsoever of any kind but stands mute. Mr. Chairman, will you direct the witness to answer?

The CHAIRMAN. You are directed to answer those questions, the last question and the previous questions.

Mr. AIUPPA. My answer is the same. I refuse.

Mr. ROBINSON. Mr. Aiuppa, did you at one time operate a hand-book and pool room at 4831 West Cermac Road?

The CHAIRMAN. What is your answer, Mr. Aiuppa?

(No response.)

If you refuse to answer, just tell us you refuse to answer so we will know there is no use of sitting here.

(No response.)

What is your answer, sir?

Mr. HALLEY. Let the record show that the witness just sits there mute, chewing gum, saying nothing.

Mr. ROBINSON. And in 1943, Mr. Aiuppa, was the total amount wagered at that handbook approximately \$400,000?

(No response.)

The CHAIRMAN. Did you operate a handbook, Mr. Aiuppa?

(No response.)

The CHAIRMAN. Will you answer yes or no or say that you refuse to answer?

(No response.)

The CHAIRMAN. Well, let the record again show that Mr. Aiuppa just sits and refuses to answer the question one way or another or say anything at all.

Mr. ROBINSON. Did you operate in 1947, Mr. Aiuppa, a handbook at the same address at which the total amount wagered was approximately \$1,900,000?

(No response.)

The CHAIRMAN. Will you answer, Mr. Aiuppa?

(No response.)

Mr. ROBINSON. In that year, Mr. Aiuppa, did your handbook receive its wire service from the R & H Publishing Co.?

(No response.)

The CHAIRMAN. Let the record show the witness refuses to say anything.

Mr. ROBINSON. Mr. Aiuppa, what is the Greyhound Recreation?

(No response.)

The CHAIRMAN. Again let the record show the witness is mute.

Mr. ROBINSON. What is the total volume of business done by the Taylor & Co., Mr. Aiuppa?

(No response.)

The CHAIRMAN. Let the record show the witness is mute.

Mr. ROBINSON. Would you say that—

The CHAIRMAN. I don't think there is much use, Mr. Robinson, of going on with this witness.

Mr. Aiuppa, you are continued under subpoena of this committee without additional subpoena having to be served on you.

Mr. ROBINSON. May I ask one more question?

The CHAIRMAN. All right.

Mr. ROBINSON. Mr. Aiuppa, at the time you entered into the partnership with Claude Maddocks, did you have any knowledge of his criminal record?

(No response.)

Mr. ROBINSON. Do you know James Attude?

(No response.)

The CHAIRMAN. Let the record show to those questions he is remaining mute.

Well, Mr. Aiuppa, you are just not going to answer any questions; is that your idea?

(No response.)

The CHAIRMAN. Let the record show in answer to that he remains mute.

I think I might call your attention to the fact that each proper question you refuse to answer I hope will be adjudged to be a separate offense, but you still refuse to answer any questions?

(No response.)

The CHAIRMAN. Let the record show he refuses to say anything whatsoever, that Mr. Robinson, and Mr. Halley, and Mr. Nellis are present.

You remain under a subpoena and we will take whatever action we can to see that you don't get by with this contemptuous attitude toward a committee of the United States Senate, Mr. Aiuppa. That will be all.

Gentlemen, before leaving, when I left the last time, I ended our last session, I did want to say that Mr. Coakwell has been with us a good deal during these hearings. He is operating director of the Cleveland Crime Commission. I understand the commission has just been getting started and is not very active but I hope that, Mr. Coakwell, the people who are backing it will appreciate the great importance of a crime commission to any community, not only in keeping the spotlight of public opinion and investigation on matters that happen but also in backing up and giving a boost and support to good law-enforcement officials such as the people of Cleveland are fortunate enough to have, and we hope you have good luck in your work.

I want to thank Joe Nellis and Mr. Rudolph Halley and George Robinson and Al Klein for the very vigorous work in this investigation and hearing. Joe Nellis has worked awfully hard, day and night, to prepare for it.

John McCormick, one of our chief investigators, has been very active and diligent and very helpful. I want to thank him, too.

And let the record show that Miss Carney and Ann Cavan have been our secretaries, helping Mr. Nellis here, and he tells me that they have worked most effectively and loyally, for which we thank them.

So with that the meeting is adjourned until further notice, the next meeting being in New Orleans and then in Detroit.

Any questions from the press about Mr. Aiuppa?

Take this on the record.

I think it may properly be for the background of the relevancy of the questions that have been asked Mr. Aiuppa to show the importance and the investigation that we are conducting of what we were trying to show from him. I think we will call on Mr. Robinson, our associate counsel, to give a brief statement of the background of the matters about which he was endeavoring to question Mr. Aiuppa. It is understood that this is in the nature of an argument to the committee and a statement to the committee as to the relevance of the questions rather than as testimony to the committee.

All right, sir.

Mr. ROBINSON. Well, briefly, Mr. Chairman, Aiuppa has been considered to be one of the closest associates of Tony Accardo, and Aiuppa has been, along with a person by the name of Claude Maddox, who has an alias of John (Screw) Moore, a partner in the Taylor & Co., which I believe is the—or one of the largest manufacturers of gambling equipment in the country, equipment such as dice, crap tables, roulette wheels, and various and sundry other forms of equipment used in gambling.

A REPORTER. Could you give us that address?

Mr. ROBINSON. I believe the address is 48 West Twenty-fifth Street, in Cicero.

I might state that I visited the plant, and it is a very substantial place. It is modern and new. I think the building was built in 1947.

A REPORTER. 4831 Cermak, is that the address of the handbook you asked him about?

Mr. ROBINSON. Offhand I can't tell you that. He is supposed to have some interest, and I believe he does, in the Turf Club, and the Paddock Lounge.

The CHAIRMAN. Mr. Robinson, how large an operation is this Taylor Co. that manufactures gambling devices? How large is the building?

Mr. ROBINSON. I would say it was, to my recollection, probably 60 to 80 feet in width. I don't know what the depth of the building is from the street. There is some information that they apparently acquired the material to construct the building at a time when material was short, and did so under the guise that it was a furniture-manufacturing plant.

There is also some question, which I hope to develop from Mr. Aiuppa, as to how he got into this Taylor Manufacturing Co., whether it was a muscle job or not.

The CHAIRMAN. Did you investigate to see how many people were working there?

Mr. ROBINSON. Yes. They had a crew of girls working there. I don't know just how many—they were manufacturing dice. Dice seems to be the largest percentage of their business, dollarwise. They have very substantial offices there.

The other two partners seem to be the only working partners in the company.

A REPORTER. How far back does that operation go, do you know?

Mr. ROBINSON. I know it goes back to 1940. How long previous to that, I'm not sure.

A REPORTER. Did the Mason & Co. go out of business in Chicago just prior to that?

Mr. ROBINSON. No. They are still in business in Chicago.

Mason & Co. The company was very reluctant to produce its records which show cash receipts on the ground that therein was probably a listing of all the substantial gambling places in the country. The customers, in other words.

I think that we have testimony that the Hyde Park Club was raided, and this Taylor & Co. had sold them over a period of years about \$75,000 worth of equipment.

The other partner in—the senior partner, you might call him, on the basis of what he gets—is Claude Maddox who has a very large or long criminal record and has tie-ins, I believe, with the St. Louis mob.

The CHAIRMAN. Did you get the books and records, Mr. Robinson?

Mr. ROBINSON. Yes, I did; and one of the customers, which is Billy's Bar, which is the place in Madison operated by Ralph Capone.

A REPORTER. I believe the place is in Mercer.

Mr. ROBINSON. Mercer, wherever it is. It is known as Billy's Bar.

A REPORTER. Senator, is it possible to put the list of customers in the record for public inspection?

The CHAIRMAN. You have from the books the records of the customers, do you not?

Mr. ROBINSON. Well, we spot checked these customers.

We had a spot check of them, and made a list of those.

Mr. HALLEY. I think that could be put in evidence.

The CHAIRMAN. That is something you hope to prove by Mr. Aiuppa.

Mr. ROBINSON. These are actually taken from his records that were subpoenaed.

The CHAIRMAN. Well, let it be made a part of the record as a representation of Mr. Robinson's questions, or of what Mr. Robinson was going to ask him about.

Mr. ROBINSON. Another customer, I might point out, was Ralph's place.

Mr. HALLEY. It should be in evidence, particularly because that shows the interstate nature of the business.

Mr. ROBINSON. Yes. The sales are all over the country.

The CHAIRMAN. These are sales of dice and crap tables, and what not.

It will be identified as exhibit No. 71.

(Exhibit No. 71 is on file with the committee.)

What was this about the bookmaking operation?

Mr. ROBINSON. Well, he had an interest in a bookmaking establishment, a handbook in a poolroom at 4831 West Cermak Road in which the operations of 1 year was \$400,000, and another year about \$1,900,000. That was the amount that was wagered at that place.

The CHAIRMAN. He was a partner with whom in that operation?

Mr. ROBINSON. There was no indication that he was a partner with anyone in that handbook operation. That was one of the questions that I wanted to ask him, and also one of the questions that I wanted to ask him was how and where and what he paid for the—how he got the wire service, whether he got it from the R. & H. by reason of any possible connection with Hymie Levine and Ray Jones, and what he paid for it.

The CHAIRMAN. You say that there was an indication that he was in the handbook operation?

Mr. ROBINSON. It is definite from the records in our possession that he was in the handbook operation.

The CHAIRMAN. The general books and records which Mr. Robinson got from Aiuppa and this company will be made part of the record.

(Books and records of Joseph Aiuppa were identified as exhibit No. 72, and were returned to the witness after analysis by the committee.)

A REPORTER. Senator, you said that one gambling house did \$75,000 worth of business over the year. It would be an interesting figure if we could have the total for 1 year, the total dollar value of the business for Taylor & Co.

The CHAIRMAN. What do Taylor's books and records show the dollar value or volume of business to be?

Mr. ROBINSON. Over the past, say, 3 years, I would say the gross income of the business would be somewhere between two and three hundred thousand dollars.

A REPORTER. That was annually it was \$200,000 or \$300,000?

Mr. ROBINSON. That's right.

A REPORTER. Was he in other handbooks in addition to the one at 4831 Cermak?

Mr. ROBINSON. That I cannot say, because that is one of the things that I wanted to ask him, namely, what interest he had in a place called Greyhound Recreation, and what it was.

A REPORTER. Where is that?

Mr. ROBINSON. That I do not know. That may be the name—that was one of the things I wanted to ask him. That may be the name of the place at 4831 West Cermak Road.

A REPORTER. In order to clear up the last point, may I have his name and his age and address, his home address?

Mr. ROBINSON. I think he stated where he lived.

A REPORTER. I didn't hear it.

Mr. ROBINSON. That was the first question he answered.

The CHAIRMAN. He never said his age.

A REPORTER. But about your first or second question he listed some other people with Maddox and Anselone as partners.

Mr. ROBINSON. Yes, Maddox was the same as John "Screwy" Moore. The others were Harry Milner and Ray Johnson, those are two minor partners in the firm who seem to do all the operating.

A REPORTER. They are apparently legitimate?

Mr. ROBINSON. Yes.

The record also show purchases by that company from the Orchid Flower Shop which is, I believe, owned and operated by Mrs. Louis Campagna and Mrs. Capezio. And also dealings with Joe Corngold and there was a place called Dreamland, which is another matter I wanted to ask him about.

A REPORTER. Well, I—

The CHAIRMAN. Mr. Robinson, you asked him about some place in Wisconsin. What was the relevancy of that question?

Mr. ROBINSON. Well, we had difficulty, of course, getting service of a subpoena on Mr. Anippa. We learned subsequently that he had a place in Wisconsin which I think is some sort of a hunting lodge, and I believe—although I have no basis for it—I wanted to find out from him who else was possibly hiding out up there with him.

A REPORTER. That is, for my information, over near Eagle River, which is where Tony Accardo's four kids spend their summers?

Mr. ROBINSON. That's right.

The CHAIRMAN. We will adjourn at this time.

(Thereupon, at 6:15 p. m., the hearing was adjourned, subject to the call of the Chairman.)

APPENDIX

EXHIBIT No. 1

UNITED STATES OF AMERICA

CONGRESS OF THE UNITED STATES

To PAUL RICCA *alias* PAUL DELUCIA, 812 Lathrop Street or 812 Latrobe Avenue, River Forest, Ill., Greeting:

Pursuant to lawful authority, you are hereby commanded to appear before the Committee To Investigate Organized Crime in Interstate Commerce of the Senate of the United States forthwith at their committee room, 900 Home Owners Loan Corporation Building, First and Indiana Avenue NW., Washington, D. C., then and there to testify what you may know relative to the subject matters under consideration by said committee; and bring with you:

1. All ledgers, vouchers, canceled checks, check stubs, bank deposit slips, bank statements, financial statements, notes, copies of tax returns, records of accounts receivable and payable, and records of cash receipts and disbursements, for the period from January 1, 1940, to date;

2. All books, records, or other documents showing ownership of, or other holding or interest in any business company or enterprise, or in any property, real, personal, or intangible, for the period from January 1, 1940, to date;

3. All correspondence relating to the subject matter referred to in paragraph 2 hereof, for the period from January 1, 1940, to date.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To T. P. O'Donovan, United States marshal, Northern District of Illinois, to serve and return.

Given under my hand, by order of the committee, this 26th day of August, in the year of our Lord one thousand nine hundred and fifty.

ESTES KEFAUVER.

*Chairman, Senate Committee To Investigate
Organized Crime in Interstate Commerce.*

UNITED STATES MARSHAL'S RETURN, NORTHERN DISTRICT OF ILLINOIS

Served this writ on the within named Paul Ricca by delivering a copy thereof to him in person this 5th day of September, A. D. 1950, and at the same time informing him of the contents thereof.

T. P. O'DONOVAN, *United States Marshal,*
By FRANK J. REDDY, *Deputy.*

EXHIBIT No. 5

UNITED STATES OF AMERICA

CONGRESS OF THE UNITED STATES

To LOUIS CAMPAGNA OR CARMINI,
2927 Maple Avenue, Berwyn, Ill., Greeting:

Pursuant to lawful authority, you are hereby commanded to appear before the Committee To Investigate Organized Crime in Interstate Commerce of the Senate of the United States forthwith at their committee room, 900 Home Owners' Loan Corporation Building, First and Indiana Avenue NW., Washington, D. C., then

and there to testify what you may know relative to the subject matters under consideration by said committee; and bring with you:

1. All ledgers, vouchers, canceled checks, check stubs, bank deposit slips, bank statements, financial statements, notes, copies of tax returns, records of accounts receivable and payable, and records of cash receipts and disbursements for the period from January 1, 1940, to date;

2. All books, records, or other documents showing ownership of, or other holding or interest in any business company or enterprise, or in any property, real, personal, or intangible, for the period from January 1, 1940, to date;

3. All correspondence relating to the subject matter referred to in paragraph 2 hereof, for the period from January 1, 1940, to date.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To T. P. O'Donovan, United States marshal, Northern District of Illinois, to serve and return.

Given under my hand, by order of the committee, this 26th day of August, in the year of our Lord one thousand nine hundred and fifty.

ESTES KEFAUVER,

*Chairman, Senate Committee To Investigate
Organized Crime in Interstate Commerce.*

UNITED STATES MARSHAL'S RETURN, NORTHERN DISTRICT OF ILLINOIS

Served the original of this writ on the within-named Louis Campagna or Carmini by delivering original thereof to him in person this 6th day of September, A. D. 1950, and at same time informing him of the contents thereof.

T. P. O'DONOVAN,

United States Marshal.

BY WILLIAM RAFF, *Deputy.*

EXHIBIT No. 12

UNITED STATES OF AMERICA

CONGRESS OF THE UNITED STATES

To CHARLES GIOE, 200 East Chestnut Street,
Sencca Hotel, Chicago, Ill., greeting:

Pursuant to lawful authority, you are hereby commanded to appear before the Committee To Investigate Organized Crime in Interstate Commerce of the Senate of the United States forthwith at their committee room, 900 Home Owners Loan Corporation Building, First and Indiana Avenue NW., Washington, D. C., then and there to testify what you may know relative to the subject matters under consideration by said committee; and bring with you:

1. All ledgers, vouchers, canceled checks, check stubs, bank deposit slips, bank statements, financial statement, notes, copies of tax returns, records of accounts receivable and payable, and records of cash receipts and disbursements, for the period from January 1, 1940, to date;

2. All books, records, or other documents showing ownership of, or other holding or interests in any business company or enterprise, or in any property, real, personal, or intangible, for the period from January 1, 1940, to date;

3. All correspondence relating to the subject matter referred to in paragraph 2 hereof, for the period from January 1, 1940, to date.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

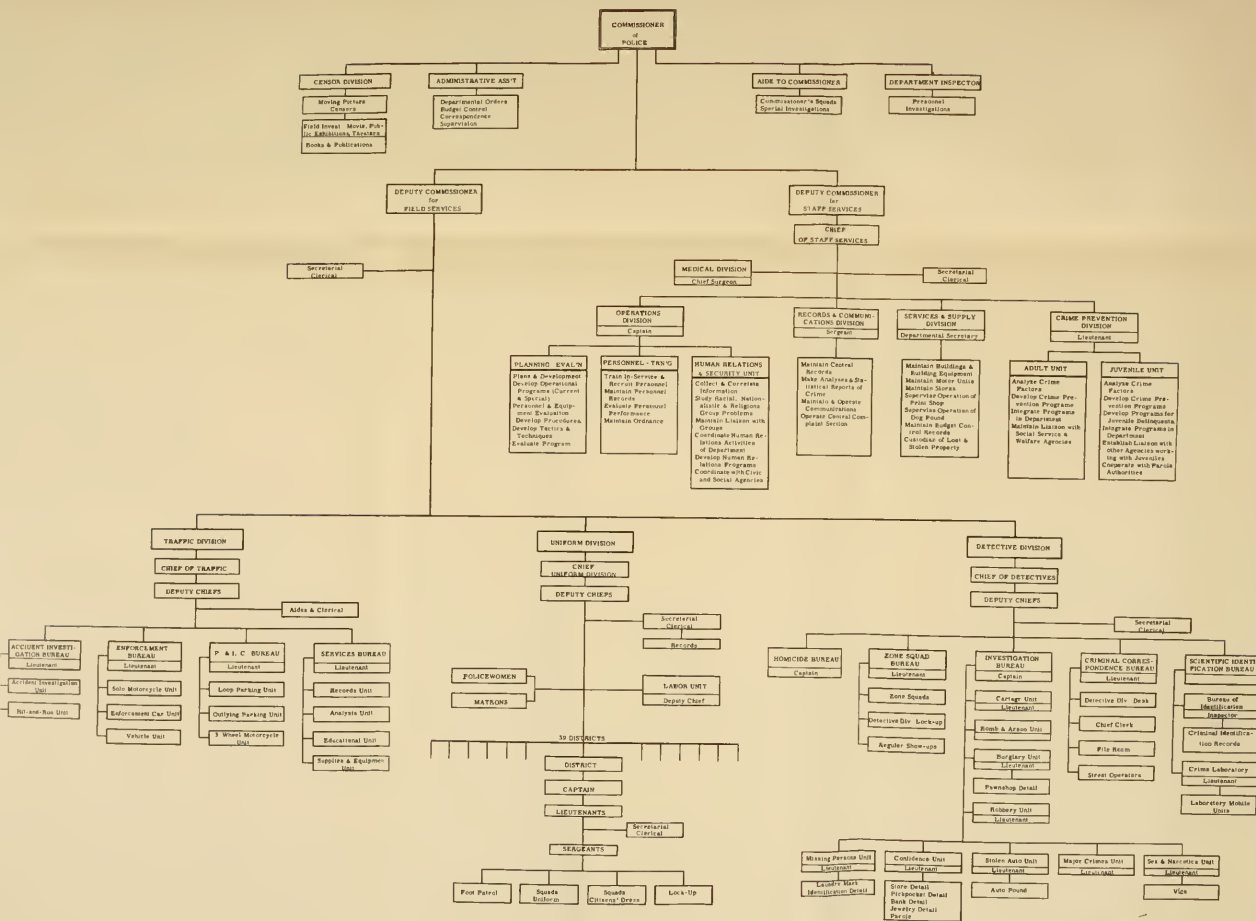
To T. P. O'Donovan, United States marshal, Northern District of Illinois to serve and return.

Given under my hand, by order of the committee, this 26th day of August, in the year of our Lord one thousand nine hundred and fifty.

ESTES KEFAUVER,

*Chairman, Senate Committee to Investigate
Organized Crime in Interstate Commerce.*

ORGANIZATION CHART - CHICAGO POLICE DEPARTMENT

APPROVED: *[Signature]*

DATE: November 8, 1962

UNITED STATES MARSHAL'S RETURN, NORTHERN DISTRICT OF ILLINOIS

Served the original of this writ on the within named Charles Gieo by delivering original thereof to him in person this 6th day of September, A. D. 1950 and at the same time informing him of the contents thereof.

T. P. O'DONOVAN, *United States Marshal*,
By WILLIAM RAFF, *Deputy*.

EXHIBIT No. 25

OFFICE OF THE SHERIFF, COOK COUNTY.

Chicago, Ill., July 7, 1950.

HON. ESTES KEFAUVER,

*Chairman, Special Committee To Investigate Organized**Crime in Interstate Commerce,**United States Senate, Washington, D. C.*

DEAR SENATOR KEFAUVER: In acknowledgment of your letter of June 26 relative to your special Senate committee's investigation of organized crime in interstate commerce, please accept my assurance of the fullest cooperation and possible assistance I can give through the records of my office. I wish to call your attention at the start, however, to the fact that our board of county commissioners does not provide my department with funds for any staff of investigators whatsoever. Therefore, my very small active highway police force, which must deal with a multiplicity of other law violations, lacks the manpower and facilities to determine the possible basic controls of rackets, or gambling which may exist entirely outside the limitations of their own activities.

The sheriff of Cook County is not called upon to exercise any police jurisdiction within the corporate limits of the city of Chicago, which has its own police force of 6,800 men, and therefore any statements I might make to your committee regarding organized crime in Chicago would necessarily be based on deduction and hearsay. Also, outside the city of Chicago and within the county are 91 other incorporated municipalities which likewise have their own police departments. The total of these latter forces is 830 men.

The sheriff is primarily responsible for law enforcement in the remaining unincorporated sections which are spread all over the county's great area of 942 miles. In considering the problems of law enforcement, I would like to point out that the population of Cook County has increased 60 percent in 10 years, while the population of Chicago has increased only 7 percent. There also has been great industrial growth outside the city.

While the sheriff's department has approximately 750 employees, the budget provides for only 126 of them to engage in police work, which includes traffic control on a huge system of highways and all the phases of crime prevention and law enforcement. The balance of the employees are engaged in process serving, courtroom duties, janitor and custodial work, operating elevators, and guarding the county jail.

Despite this small police force and the increased demands on their services, the undersigned takes pardonable pride in having made a better anti-gambling record than any other sheriff in Cook County history. Since December 2, 1946, when I was inducted into office, until June 30, 1950, the highway police department, now under Chief Maurice L. Greene, has raided 684 race bet books, confiscated and destroyed 1,413 slot machines, and made 3,292 arrests. I am glad to enclose a copy of a recent report of the sheriff's office, as you may be interested in nothing, on pages 4 and 5 of the report, the comparison of the previous sheriff's record with my own.

If the sporadic slot machines and itinerant handbooks which my police raid as fast as they spring up are owned or directed by organized criminals or racketeers, no tangible evidence of such a fact has been uncovered in the many raids and seizures. Nor have we any personal knowledge, except by hearsay and through the newspaper articles, of individuals who may seek to organize gambling in the county districts and direct it by remote control.

It is probable, however, that some of the slot machine operators are organized because of the fact that though sheriff's police have repeatedly raided and destroyed slot machines at certain locations, other appear there at later dates. It seems obvious that private owners could neither afford to continue buying replacements nor risk the considerable loss through confiscation. However, our

police have never been able to trace outside ownership because the operators insist they are the owners themselves. Nor have check-ups and constant surveillance of machines on which the Federal tax has been paid revealed any other ownership than the individual recorded in the files of the United States Department of Revenue.

It is my carefully considered opinion that detecting and breaking up organized crime, whether gambling, narcotics, or rackets, depends upon the concentrated efforts of experienced and honest investigators. The State's attorney of Cook County has had assigned to him, in addition to his own investigating staff, 75 Chicago policemen in plain clothes. They are considerably in excess of the men at my disposal who can only suppress gambling operations at their outlet and not at their hidden source. The Chicago Police Department has a large number of detectives and others who can be assigned to investigations.

It also is my opinion, which is supported by the activities of my police in the areas under my jurisdiction, that any organization of gambling would be directed from Chicago. Therefore, it would seem that the officials of the Chicago Police Department and of the office of the State's attorney of Cook County, with their greater facilities, are in a much better position than I to provide material assistance to your investigation.

My office is a local law-enforcement agency and necessarily is not called upon to handle directly law violations as they concern interstate commerce. I do offer the suggestion to your committee, however, that telephone and wire information services are the bloodstream of gambling, and that to eliminate them would stamp out the evils they breed. Preventing the manufacture and interstate shipment of slot machines would stop their illegal operation.

Again assuring you that I shall be very glad to make available to your committee any documentary evidence in my possession which may be relevant to your investigation, I remain

Sincerely,

ELMER MICHAEL WALSH,
Sheriff of Cook County.

OFFICE OF THE SHERIFF, COOK COUNTY,
Chicago, Ill., August 17, 1950.

Mr. GEORGE S. ROBINSON,
*Associate Counsel, Special Committee To Investigate
Organized Crime in Interstate Commerce,
United States Senate, Washington, D. C.*

DEAR MR. ROBINSON: Replying to your request for information on several possible elements in the gambling situation in Cook County, I first wish to refer you to my letter of July 7, 1950, to Senator Kefauver. I pointed out that my department has no facilities for investigation, that my law-enforcement jurisdiction extends only to the unincorporated areas in the county and that the very small highway police force at my command necessarily cannot carry its antigambling activities beyond actual raiding and presentation in court of the per se evidence of gambling obtained in such raids.

Categorically considering the points of information you take up in your letter, I can state:

First: Race-track information is transmitted to any books seeking to operate in the county by telephone from distributing agencies in Chicago, and in several instances where raids were made the telephone company upon request has removed its service.

Second: No records seized in raids provide any information as to the cost of news service to bookmakers.

Third: It is possible that any so-called syndicate controlling slot machines does operate across State lines, but as pointed out in my previous letter, such an organization would operate out of Chicago where the city police and the State's attorney's staff of investigators should be able to give more explicit information.

Fourth: Any tie-in between slot-machine manufacturers, of which there are several in Chicago, and the distributors or operators of slot machines should be revealed readily in the books and other sales records of those manufacturers.

Again assuring you that I shall be glad to provide you with any records from my office which may be helpful, I remain

Sincerely,

ELMER MICHAEL WALSH,
Sheriff of Cook County.

EXHIBIT No. 33

Stockholdings of H. Bennett and family

| | Number of shares | Total shares issued | Josephine | Hugo |
|---------------------------------------------------------------------------------------------------------|------------------|---------------------|-----------|-------|
| Miami Beach Kennel Club (\$9,400)..... | 1,100 | 40,000 | 1,000 | 100 |
| National Jockey Club (\$24,750)..... | 210 | 10,000 | 180 | 30 |
| Associated Outdoor Clubs (\$400)..... | 10 | 5,000 | 10 | ----- |
| Orange Park Kennel Club (\$750)..... | 15 | (?) 1,500 | (?) 15 | ----- |
| Narragansett Racing Association (\$2,300)..... | 233 | 300,000 | 100 | 150 |
| Jacksonville Kennel Club (\$1,200)..... | 12 | 1,447 | 12 | ----- |
| Chicago Downs Association (\$100)..... | 1,000 | 100,000 | ----- | 1,000 |
| Eastern Gas & Fuel—Common (\$250)..... | 50 | (?) | ----- | 50 |
| F. K. describes patents—partnership—investment about \$400, representing about 10 percent interest..... | ----- | ----- | \$1,250 | ----- |

NOTES RECEIVABLE

| | |
|---------------------------------|---------|
| Charles M. Furlong..... | \$4,500 |
| Gustav Bohland..... | 300 |
| First mortgage: Long Beach..... | 40,000 |
| Second mortgage: Farm..... | 40,000 |

NOTES PAYABLE

| | |
|--------------------------|--------|
| Max Silverberg..... | 15,000 |
| William H. Johnston..... | 20,000 |

REAL ESTATE

| | Original cost | Improvements |
|----------------------------------------------|---------------|--------------|
| Home, Surfside, Fla. | \$8,000 | \$3,000 |
| 2 lots, Surfside, Fla. (adjoining home)..... | 3,650 | ----- |
| Summer residence, Saugatuck, Mich..... | 5,000 | 5,000 |

EXHIBIT No. 35

STATEMENT

Licensee: William Spellisy, route No. 1, Morris, Ill.

Owners: Partnership with A. J. Black, Morris, Ill.; James Feeney, Morris, Ill.

Operated Seven Gables as oral partnership between Spellisy, Black and Feeney since 1935 continuously. Gambling such as crap game, roulette and horse book has been run by the partnership without any outsiders interested since opening. Crap and roulette allowed at once and have run since 1936 intermittently, and both games have been open 6 nights per week 8 p. m. to 1 a. m., daily for the past year except for 1 or 2 months in 1949.

The horse book has been run in the back room at Seven Gables, Morris, Ill., since 1943 off and on. This last time we have run the horse book for racing bets in the afternoon 6 days per week, except Sunday, from 1 p. m. to 5:30 p. m., for the past year except 1 or 2 months in 1949. The win on crap and roulette for the year 1949 was about \$15,000 for crap and roulette. The horse book grossed in 1949 \$200,600 per our records.

In 1950 our gross play on horse book from January 1, 1950, to date was \$97,426.50 per our records.

In 1950 our win on crap game and roulette wheel was \$10,391.

We have three employees on the horse book (Thomas Spellisy, brother; Neuman Engh; and Frank Black) at present and three steady employees on crap and the roulette wheel (Dick Close, William Smith, and Wayne Dyson), plus week-end employee Charles Metske and William Spellisy, the manager takes over off and on. William Spellisy is in charge of the gaming room.

We have operated slot machines in the barroom since 1936 off and on. The last time we have operated slot machines in the tavern for over the past year except 2 or 3 months in 1949. We take in about \$1,200 per month from seven slot machines and we have approximated that take each month for the past year. The partnership owns the machines and no outsiders are interested in the slots.

We repair our own slot machines in rear room. We lease out on a percentage basis of 50-50 percent split slot machines to other taverns in the vicinity of Morris, Ill., such as Kresse, Nate Sklut, and Ben Sklut, and businesses such as Phillips "66" station, Prince Drive In, Karkuffs filling station. We repair and service the slot machines in our rear room and we have 23 slot machines in the rear repair room now stored or in process of repair. Don Black, son of A. J. Black, is the service and repairman for our slot machines. He is not here now. We value the new Mills slot machines at over \$200 each and about \$250 each.

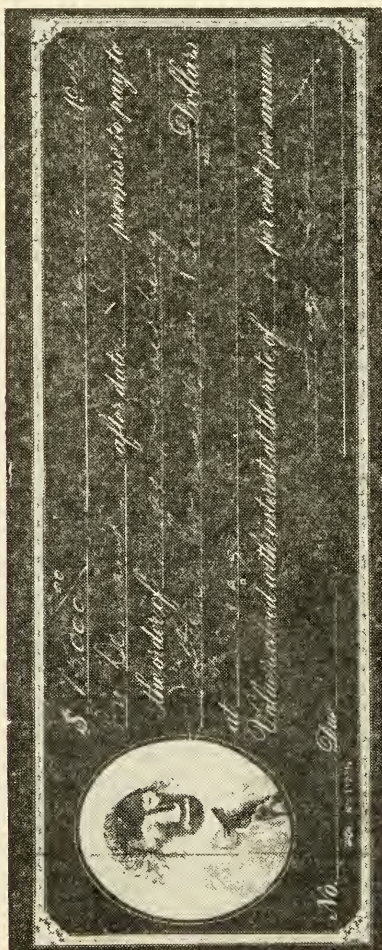
I have read the foregoing statement and it is true; I consent to the search of Seven Gables and the State police have conducted themselves in an orderly manner.

Wm. Spellisy.

Foregoing statement consisting of three pencil written pages was taken at Seven Gables, Morris, Ill., by the assistant attorney general, Baird V. Helfrich, Springfield, Ill., from the admitted owner, William Spellisy, Rural Route No. 1, Morris, Ill., on May 26, 1950, immediately after the State police raid on said Seven Gables. Mr. Spellisy gave me this information in person, freely and voluntarily, as well as in a courteous and cooperative manner. He signed the statement at the end and initialled each page.

BAIRD V. HELFRICH.

EXHIBIT No. 38



The First National Bank
 Chicago, Ill.
 No. 9414
 18
 19
 Dollars
 MAX HILCHING & CO.
 1000 Broadway
 New York City

out the United States. Some of these subdistributors are apparently completely independent operations. Others are apparently "dummies."

Prior to the fall of 1946 the Kansas City subdistributor, Harmony Publishing Co., was a concern owned by Simon Partnoy, which obtained news from Continental. However, there was no fixed rental at which Partnoy bought the news--instead the rental varied so as to leave Partnoy a fixed salary of about \$125 a week. This Kansas City operation was the "dummy" type of subdistributor. Apparently there are several subdistributors of this type among those now doing business with Continental.

Prior to the difficulties of Trans-America, Continental subdistributor in the Chicago area was Midwest News Service. This outfit was a partnership between James Frestal and Sylvester Farrell. Apparently this partnership was very much dominated by Continental because James Ragen, Sr., referred to its employees as working for "us." Midwest, in turn, sold to an outfit known as R. & H., or Condensed Sports News. H. & H. was ostensibly a partnership between Roy Jones, Hymie Levine, and Phillip Katz. R. & H. originally purchased only for a set of books that were under one ownership of some form. These books numbered from 80 to 100 and were known to Ragen as the Capone books. In the spring of 1950 R. & H. reported that it had 128 subscribers, 113 in Chicago, 15 at other Illinois towns. Guzik was in the scratch-sheet business; in this business Dan Serritella fronted for Guzik in holding 50 percent of the blue scratch sheet. Sylvester Farrell held the other 50 percent.

During the war period it was very difficult to get telephones, and so Midwest had trouble holding its customers. R. & H. was able to get telephones through taverns and other enterprises in which the mob apparently had some interest. It soon developed that R. & H. was not merely supplying their own books but was soon distributing to others, so that they had approximately 200 books on their wires. R. & H. was paying only \$500 per week for service for all of these books. This figure is ridiculously low and indicates that the mob had always gotten very favorable consideration for their books in the Chicago area. The price in Chicago was about \$40 per book, and in other towns, such as St. Louis and Kansas City, the price averaged at least twice this amount.

Sometime during the war news from the domestic tracks was cut off as a war measure, and Continental made very expensive arrangements to obtain news from Cuba and Mexico.

Continental expected that this would entitle them to obtain more money out of the Chicago area but Guzik cut the amount that R. & H. would pay from \$500 to \$75 per week. Also, Ragen had discovered that Guzik was behind Serritella in the blue-scratch sheet, so Ragen set up the green sheet in competition with Guzik and prevailed upon Farrell to sue Serritella to dissolve the blue-sheet partnership because of the hidden partner, Guzik. Tom Bourke was Ragen's man in setting up the green sheet. These events lead to the period of competition between Trans-America and Continental.

It must be borne in mind that whenever a scratch sheet is mentioned or discussed, this includes wire service to bookies. At an early stage of the wire-service development, the practice was instituted of requiring all wire services to own a scratch sheet so that the contention could be made that the service was being purchased by the local wire-service distributor for an absolutely legitimate service.

The Trans-America Publishing & News Service appears to have developed out of R. & H. as a result of the conflict over the scratch sheets and wire service. Trans-America was licensed to do business in Illinois on April 11, 1946. Its officers were Patrick J. Burns, Ralph O'Hara, and Andrew J. Burns. To a considerable extent at least, this corporation was financed by R. & H., and at least one subdistributor, Reliable, of East St. Louis, Ill., paid R. & H. for news service rather than Trans-America.

Even before Ragen's statement on May 2, 1946, Trans-America was in operation and had began to obtain its own news from tracks in the Chicago area. In April 1946, it was also endeavoring to prevent Continental from getting local track news. Trans-America, according to Ragen, had the full cooperation of the Cicero police in their efforts to exclude Continental.

Trans-America obtained its out-of-town news by stealing it from other places. Ragen believed they were stealing from Midwest and apparently made some arrangements to get the Federal enforcement authorities to stop this, under the wire-tapping statute.

After Ragen's death, Trans-America developed outlets in other cities. In the fall of 1946, Kansas City was taken over by Trans-America, and by the beginning of 1947, Trans-America had a distributor in East St. Louis—Reliable—in full operation. Both of these were gangster controlled.

The Kansas City operation was dominated by Spitz, Gargotta, Cline, and Lococco, all of whom were prominent Binaggio gangsters, and some of whom were members of the Mafia in Kansas City. The East St. Louis operation has been connected with Buster Wortman and other mobsters. Trans-America appears to have had outlets and to have been financed also from Miami, Las Vegas, Camden, N. J., and New Orleans. It is of interest that during 1946 and 1947, Joseph Marcello of New Orleans received income from the wire service, Daily Sports News. He does not show income from wire service during any other years.

Competition must have been very severe in Chicago, because neither Illinois Sports News nor Continental obtained money from Chicago between January and April of 1947. Even after April, Continental obtained only an occasional \$200 per week, or \$500 per week from what appears on the books as I. N. A. (probably the Illinois News Association, Tom Bourke's scratch sheet). On July 14, 1947, Continental got its first substantial payment from Chicago.

The toughest period of competition seems to have been in early 1947. During this period, both Continental and R. & H. lost money. Continental was apparently putting up a tough fight. It appears from the books that Continental furnished news free of charge to towns such as St. Louis, where their own distributor was faced with competition from Trans-America in East St. Louis. This competition was so severe that it seems probable that eventually both organizations would go broke unless peace came about in some way.

Most of Trans-America subdistributors either folded when Trans-America did, in June 1947, or else shifted to Continental or a Continental "dummy." R. & H. in Chicago and Reliable in East St. Louis, however, continued to sell news for 2 to 4 months after Trans-America quit. In October 1947, R. & H. began to receive news from Continental for some 128 books for only \$750 per week. This amount never varies week in and week out. R. & H., of course, does not obtain its news directly from Continental but obtains it from Illinois Sports News. Illinois Sports News, however, is apparently a Continental "dummy." It is owned by the one son and a brother of Tom Kelley, the manager of Continental. The \$750 price for R. & H. people can be compared with the payments of Midwest, the other Chicago distributor, which runs around \$4,000 per week.

After Illinois Sports News was purchased by George Kelley, a period of competition ensued between Illinois Sports News, Midwest, and R. & H. In order to eliminate competition between Midwest and Illinois Sports News, the two organizations were merged and became Midwest Illinois Sports News. Consequently Midwest Illinois Sports News was separated into Illinois Sports News and Midwest—George Kelley retaining control of Illinois Sports News and receiving an income from Midwest. At the same time, John Scanlon became a partner with Farrell & Frestel in Midwest. At the time of the severance the interstate wire service of Midwest Illinois was broken off into the General News Service—the provision of this phase of the business was made by an employee of Midwest Illinois, Edward McGoldrick, which in substance amounted to a gift to him. Midwest restricted its business to the State of Illinois. The Illinois Sports News became the supplier of wire service to Midwest, R. & H., and General News.

Until the end of 1948, Midwest's payments varied from week to week indicating that it was a "dummy" house in which Continental could obtain whatever percentage of the profits it desired. At this time Midwest served both Chicago and other Illinois towns.

Around January 1, 1949, the Continental group divided Midwest into two outfits. A "dummy" outfit, General, overtook the interstate business. The rest of Midwest is no longer a "dummy"; it was sold to John Scanlon who was promised news at a flat \$4,000 per month.

The Kansas City situation is an interesting example of operations. Prior to the competition, Continental took all of the profits, or about \$1,500 per week, out of Kansas City after paying a small amount. During the competition, the mob characters who then owned the Kansas City subdistributor were given a flat weekly rate of \$100, which enabled them to make a sizable profit. Kansas City came back on without its out-of-town customers in Missouri, Kansas, and Oklahoma, but this is not enough to account for the low price. One hundred dollars a week is a ridiculous rate for Kansas City. Often a single book would pay more than that.

In Las Vegas, the wire service, in 1946 and in the early part of 1947, was understood by local bookmakers, to be controlled by Bugsy Siegel. During this period, checks signed by Connie Hurley, who was directly in charge of the service, were paid to Trans-America for wire service.

During the late summer of 1947, after Siegel's murder, on June 20, 1947, the owners of the Golden Nugget gambling casino, where Siegel had run a horse book, attempted to get the book for themselves, from Connie Hurley.

By this time, Continental and Trans-America had made peace and Continental was again supplying Las Vegas through Connie Hurley who had originally been Continental's man.

About this time, Roscoe Thomas of the Golden Nugget, testified as follows: "I explained our problem to him and I explained our investment. I explained to him that we had been here a long time in the State, and that we felt we were justified in being treated just the same as anybody else, particularly with the investment we had. He agreed to that. While I was there, he said: 'We'll work out something. I have a gentleman there by the name of Connie Hurley, who represents Continental Service.' He said: 'I'll contact Connie and tell him to work out a deal.' I said, 'By the way, will you give me a letter to that effect?' He said, 'No, I will call him myself.' So he called him in my presence—Mr. Hurley—and told him to work out a deal. He said, 'Work out a satisfactory deal.'"

This indicates that Kelly was directly controlling the dealings with bookies in Las Vegas. It also showed that Connie Hurley was again back with Continental.

An interesting additional fact was that Thomas testified (in a hearing before the Nevada State Tax Commission on October 23, 1948) that he was unable to make any deal at all with Hurley because Hurley was accompanied by Moe Sedway, Siegel's former associate, and Morris Rosen, who had come from New York to take over Siegel's interests. These people dictated what Hurley said. In the meeting at which there were present, Hurley, Sedway and Rosen, the terms were dictated by Rosen and Sedway.

In Miami, the news service run by Butsy O'Brien, paid Trans-America for its news during the period in which Trans-America competed and then shifted right back to Continental, through Howard Sports News of Baltimore, a Continental outlet.

Butsy O'Brien is the specific individual who gave the order for the wire service shut off in the S. & G. Syndicate situation in 1949.

In St. Louis, the Trans-America group split from the Continental group forming Reliable News Service, a rival service in East St. Louis, as described above.

After Trans-America went out of business, the wire service in East St. Louis was closed down and both groups combined to give wire service in St. Louis, as a Continental distributor.

The last two items deposited in the bank account of the Reliable News Service (The Trans-America outlet) are a check in the amount of \$1,500 on August 21, 1947 from Pioneer News Service (the Continental outlet), signed by Clarence Owen, and payable to Gordon Foster, for "equipment and studios of Reliable News in Fairmont City, Ill.", and a check on September 4, 1947 from Pioneer, signed by Owen, and payable to Reliable News for "sender's telegraphic equipment, etc."

Gordon Foster went off the Reliable payroll on August 1, 1947, and went onto the Pioneer payroll on August 7, 1947.

Foster's mother is a sister of Buster Wortman's stepmother.

In the files of Reliable News Service, Inc., committee investigators found a copy of the following telegram:

"May 7, 1947.

"R. & H. Publishers,
177 North State Street, Chicago.

Attention: Phil Katz

"Order ticker to be installed at address below. Very important it be installed immediately. J. Mooney, 318 Missouri Avenue, East St. Louis, Ill.

B. WORTMAN,

RELIABLE NEWS SERVICE, INC."

This telegram evidences first that Buster Wortman was taking direct action on behalf of Reliable, and second, that he sent this telegram not to Trans-America, but directly to R. & H. Publishers, addressed to Phil Katz, one of the three R. & H. partners.

ANNEX A

November 20, 1939.—Arthur B. McBride organizes a new and original Continental Press Service as sole owner. Invests \$20,000.

December 30, 1941.—Arthur B. McBride adds James M. Ragen, Jr., as partner contract; no financial consideration, Ragen, Jr., to manage business.

August 24, 1942.—Arthur B. McBride sells all to James M. Ragen, Jr., and severs all connection with the enterprise. Ragen, Jr., pays \$51,517.37 for property.

November 1, 1943.—James M. Ragen, Jr., sole owner, adds two partners; E. J. McBride and J. M. Ragen, Sr., on basis of \$50,000. E. J. McBride's share being \$16,666.67. Six photostats of loan of \$16,700 and of receipts for its repayment in full.

April 1, 1947.—E. J. McBride purchases Continental Press Service from estate of J. M. Ragen, Sr., and from James M. Ragen, Jr.

Payments to date, Ragen estate:

| | |
|--------------------|----------|
| June 24, 1947----- | \$25,000 |
| May 1, 1948----- | 25,000 |
| Apr. 1, 1949----- | 25,000 |

For estate interest E. J. McBride pays \$215,000 in nine annual payments, plus 6 percent interest.

Payments to date, Ragen, Jr.:

| | |
|--------------------|----------|
| July 5, 1947----- | \$13,000 |
| May 1, 1948----- | 13,000 |
| Apr. 25, 1949----- | 13,000 |

And from James M. Ragen, Jr., this latter price being \$130,000 in 10 annual payments plus 6 percent interest.

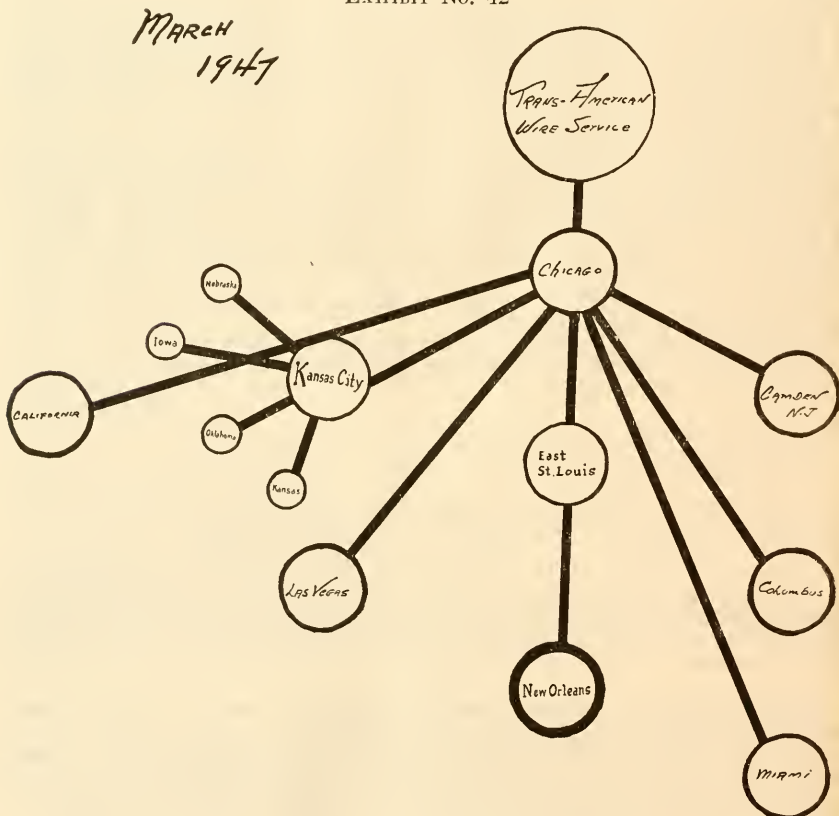
Noncompetitive payments:

| | |
|--------------------|---------|
| July 5, 1947----- | \$5,000 |
| Apr. 21, 1948----- | 5,000 |
| Mar. 22, 1949----- | 5,000 |

Also with James M. Ragen, Jr., Edward J. McBride made a noncompetitive contract under which Ragen receives \$5,000 a year for 10 years.

To the present time, September 1, 1949, there have been three payments made under each of the above contracts.

EXHIBIT No. 42



Continental Press

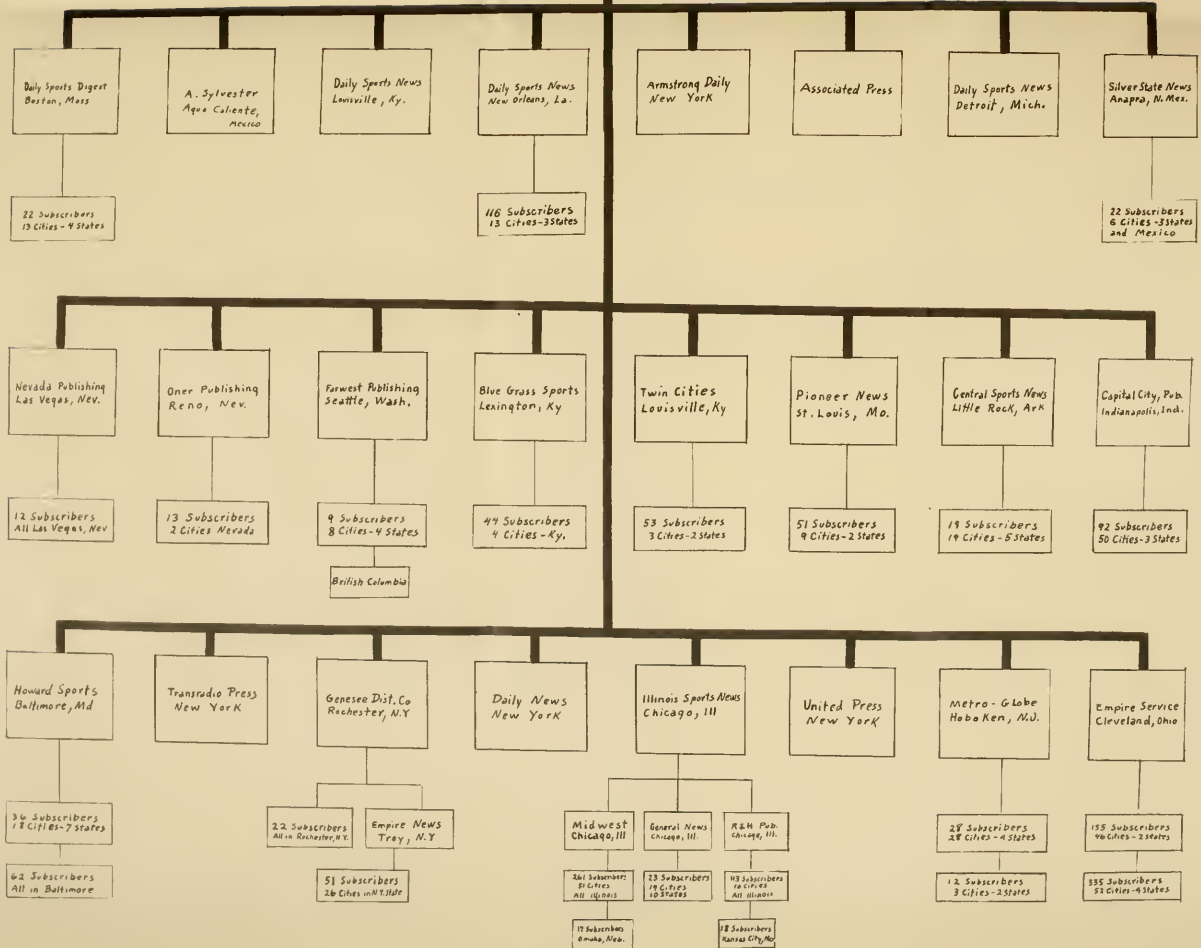
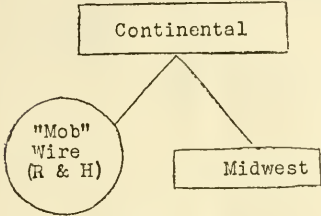
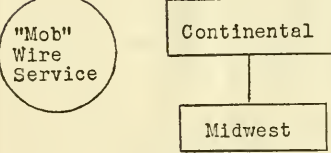




EXHIBIT No. 43

| WIRE SERVICE | DATE | IMPORTANT EVENTS | SCRATCH SHEETS |
|-----------------------------------------------------------------------------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
|  | July 1945 | | |
| | Aug. 1945 | Sometime in 1945 R & H (Condensed Sports News) cut the amount that it would pay for over 100 books from \$500/week to \$75/week. | The Flanagan's Red Sheet Turf Bulletin |
| | Aug. 1945 | HUMPHREYS AND GUZIK proposition RAGEN for interest in business. In Farrell vs. Serri-tella, Ragen said this meeting was in Aug. He said there were later meetings in Chicago and Florida | Daily Sports News |
| | Oct. 1945 | Competing Wire started by someone and so RAGEN sends KELLY to see distributors Oct. or Nov. 1945. | Farrell & Serri-tella (Guzik) The Blue Sheet |
|  | Nov. 1945 | ILLINOIS SPORTS NEWS set up by Ragen with Continental money to compete with Farrell & Serritella (Guzik) (blue sheet) | Illinois Sports News |
| | Dec. 1945 | Competing Wire getting equipment and spreading out in Chicago by Christmas 1945. | |
| | Jan. 1946 | MIDWEST cuts off R & H because R & H spreading out around Dec. 1945 or Jan. 1946. | Illinois Sports News (the green sheet) Thomas Bourke (Continental dominated) |

| | | | | |
|-------------------|---------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Trans- America | Continental | Mar. 1946 | TRANS-AMERICA incorporat- ed in Delaware by Burns family & Ralph O'Hara | The Flanagans (Red Sheet) Bulletin |
| R & H | Illinois News Assn. | Mid- West | April 1946 | Arrest of Tierney's crew in Cicero. TRANS- AMERICA already active in gathering Cicero news. |
| | | May 1946 | Ragen Statement May 2, 1946. | |
| | | June 1946 | <u>RAGEN shot June 24, 1946</u> ILLINOIS SPORTS NEWS (T. Bourke fronting for Continental) buys out Farrell and Serritella (Guzik) - blue sheet for \$50,000. terminating litigation June 25, 1946. | |
| | | July 1946 | | |
| | | Aug. 1946 | RAGEN dies Aug. 14, 1946 | |
| | | Sept 1946 | Harmony (Kansas City) tells Continental to discontinue service Sept. 21, 1946. Harmony goes on TRANS- AMERICA on Sept. 22, 1946. This was first out of Chicago customer lost. | |
| | | Dec. 1946 | NEW ORLEANS lost as customer of Continental around Christmas 1946; Continental rates reduced to hold them. | |
| | | Jan. 1947 | ILLINOIS SPORTS NEWS AND ILLINOIS NEWS ASSOCIATION purchased by George Kelly from Tom Bourke Jan. 1 1947. | Illinois Sports News (green sheets) George Kelly (Conti- nental) domina- ted) |
| | | May 1947 | RAGENS sell to McBride. Contracts dated May 29, 1947. | Flanagans |

June
1947

NEW ORLEANS, MIAMI:
LEXINGTON, KY., METRO-
GLOBE (Penn, N.J., N.Y.)
start paying Continental
substantial sums.
TRANS-AMERICA out of bus-
iness, apparently by
June 21, 1947.
Burns family on Ill. pay-
roll as of that date.

July
1947

MIDWEST and I.N.A. merged
into MIDWEST ILLINOIS (G.
Kelly, Farrell & Frestel)
middle of 1947.

R & H

Conti-
nentalIllinois
Sports
NewsMidwest
Illinois

DRAGNA (Universal Sports
News) sets first 500/week
payment July 21, 1947.
CONTINENTAL starts getting
several thousand dollars
per week from Ill. Sports
News after getting
practically nothing from
Chicago area during
competition July 14.

Aug.
1947

Reliable (East St. Louis
books show still selling
news in Aug. 1947.

PIONEER (St. Louis) starts
paying for service again
on Aug. 9, 1947.

Sept.
1947

ILLINOIS SPORTS NEWS
starts getting money out
of MIDWEST (average
around \$5000/week)
Sept. 10, 1947.

Oct.
1947

Continental

Illinois

R & H

Midwest

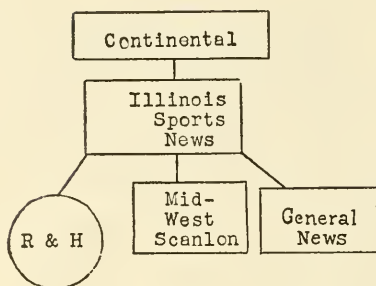
R & H starts paying
Illinois Sports News
\$750/week for news on
Oct. 4 (Phil Katz
makes the arrange-
ments).

Flanagens

Illinois
Sports
NewsDec.
1948

G. Kelly, Farrell &
Frestel sell MIDWEST
to SCANLON. Farrell
and Frestel stay as
managers

Scratch
sheet
picture
remains
unchanged



McGOLDRICK TAKES OVER
MIDWEST interstate
business as a "dummy".
New company called
General News

Dec.
1949

SERRITELLA goes to work
for Illinois Sports News

Feb.
1950

DRAGNA (Universal Sports
News) gets last \$500/week
check Feb. 11, 1950

June
1950

DRAGNA makes trip to
Chicago June 28-30, 1950

EXHIBIT No. 44

WIRE SERVICE—MISSING WITNESSES

Pat Burns, former president of Trans-America, now employed by Illinois Sports News.

Roscoe Odle, boss of wigwag crews, who steal news at tracks.

William G. (Butsy) O'Brien, head of Intra-State News, Miami wire service. O'Brien ordered to cut off wire service to S. & G. Syndicate, according to Western Union.

Ray Jones, Phil Katz, and Hymie Levin, present partners in R. & H. Offices of R. & H. have closed and books have disappeared although R. & H. is still operating on a sneak basis.

John Scanlon, Sylvester Farrell, and James Frestel, partners in Mid-West News. Offices of Mid-West have closed and books have disappeared. Mid-West also is still conducting sneak operations.

The Trans-America books and records also are claimed to have disappeared.

EXHIBIT No. 49

MEMORANDUM

Re: Wire service in Las Vegas.

DECEMBER 11, 1950.

Hearings were held before the Tax Commission of the State of Nevada on October 23, 1948. Mr. Roscoe Thomas testified, pages 94 to 113, that he was a partner in the operation of the Golden Nugget and the Frontier Club and the former city commissioner of the city of Las Vegas. The Frontier Club had formerly operated a race-horse book, the book being actually operated for about 6 months by Bob and Abe Kroloff. The service was terminated and when Thomas attempted to find how he could make arrangements to have the service resumed he found out it was controlled by Moe Sedway. The club operated without service for about a year. Thereafter, an arrangement was made with Sedway and whoever he was associated with to resume the service. The club made no profit

from the arrangement. The rental payment received through the bookmaking concession was absorbed by the overhead and janitor service. The service was installed in order to compete with other gambling casinos and to bring patrons into the club.

In 1946 at the time the Golden Nugget partnership was formed an attempt was made by Thomas to obtain the service. He talked to Bugsy Siegel, who was supposed to be in charge of the service, and Siegel was not inclined to give the service, but wanted to rent the book outright for himself or else rent it on a percentage basis. Thomas negotiated the deal with his other partners. At first Siegel wanted to give the partnership only 25 percent of the book and he later raised it so the partnership would receive 33 $\frac{1}{3}$ percent. The percentage deal was turned down and a rental of \$3,000 a month was suggested which was later compromised at \$1,700. After 2 or 3 months of operation it appeared that Siegel's book was a lucrative proposition and the partnership called Siegel in and he agreed without any disturbance to increase his rental to \$3,000 per month which was again reduced to a flat \$30,000 per year. This arrangement remained in effect until the killing of Bugsy Siegel. At that time the partnership of the Golden Nugget called a meeting and instructed Thomas to go back to Chicago and contact Mr. Kelley "who he was told and learned was in charge of the service." His testimony concerning his contact with Mr. Kelley is as follows:

"A. The Continental News Service. I explained our problem to him there. I explained our investment. I explained to him that we had been here a long time in the State, and that we felt that we were justified in being treated the same as anybody else, particularly with the investment we had. He agreed to that. While I was there he said, 'Well, I'll work out something. I have a gentleman there by the name of Connie Hurley, who represents Continental Service.' He said, 'I'll contact Connie and tell him to work out a deal.' I said, 'By the way, will you give me a letter to that effect?' He said, 'No; I'll call him myself.' So he called him in my presence—Mr. Hurley—and told him to work out a deal. He said, 'Work out a satisfactory deal.'

"Mr. BIBLE. Told him to work out a satisfactory deal with whom?

"Mr. THOMAS. With the Golden Nugget. So I was immediately called back, and told him that the deal probably could be worked out satisfactorily; that, of course, we didn't want to pay any more license fee than anybody else. But he set a satisfactory deal. So I came back and I ran into an entirely different picture. I found Mr. Hurley didn't have the service, according to two gentlemen, a fellow by the name of Mr. Rosen, and Mr. Sedway.

"Mr. BIBLE. Who was at that meeting?

"A. At that meeting—Mr. Ham, Mr. McAfee, Mr. Cahlan, myself, Mr. Shorey, Mr. Rosen, Mr. Hurley, and Mr. Sedway.

"Q. Approximately when was that meeting held, Mr. Thomas?

"A. Well, I would say, some time in July or August 1947. I won't say that I found that Mr. Hurley didn't have any service—I don't want to go on record that strongly. I found that the authority of having any service or anything to serve, he didn't have. In fact, I felt sorry for him. We tried to talk to him, and these people answered his questions.

"Q. Did you talk to him alone before you met him at this meeting?

"A. I didn't talk to him alone before having this meeting.

"Q. What happened at the meeting?

"A. At the meeting Mr. Rosen gave a very logical story; that he had come out here on a very sad mission, to take over the Siegel interests, and this was a part of it; that he had found a lot of debts, all of which he wanted to pay and was going to pay; and that he was going to run the book.

"Mr. BIBLE. That he himself was going to, or the three of them?

"A. The combination that was there now. Of course, I don't know yet who is interested in the book. I know people who they tell me is interested in the book, but he represents a certain interest there that I know nothing about.

"Mr. BIBLE. What did Mr. Sedway say during this meeting?

"Mr. THOMAS. Well, he was there to confirm most anything Mr. Rosen said, and Mr. Rosen to confirm most anything he said.

"Q. What did Mr. Hurley say?

"A. Very little.

"Q. What happened after that?

"A. After that it was a question that we either didn't have the book or that they have it on increased rental. So the rental was increased to \$50,000 a year. That was made by Mr. McAfee also.

"Q. Did you call Mr. Kelley and tell him of the disruption?

"A. I didn't call Mr. Kelley at all, because I felt that I was in a position there that if Mr. Kelley wanted to straighten it out, he could exercise his own authority to do it.

"Q. Did he know it hadn't been straightened out?

"A. Yes; he knew it.

"Q. How did you know that?

"A. Because I talked to him—I didn't call him—we had him on the phone at this meeting.

"Q. You talked to Mr. Hurley right after this meeting with Mr. Rosen and others?

"A. We talked to Mr. Hurley in the meeting.

"Q. Did you speak to Mr. Kelley?

"A. No. I didn't.

"Q. So you didn't follow through as to your understanding with Mr. Kelley?

"A. In one sense of the word I would say that I didn't, because I was given to understand that that was that and we had the service.

"Q. Even though Mr. Kelley told you that he would give you a wire directly to your partners?

"A. That's right.

"Mr. BIBLE. What happened after that, Mr. Thomas?

"Mr. THOMAS. After that we went along and operated the book. We had no disturbance whatsoever.

"Q. Well, if something should happen that they were no longer kept as tenants of the Golden Nugget in a bookmaking capacity, do you think the partners of the Golden Nugget could obtain a wire service?

"A. I don't know. I only know that we have been refused the wire service up to date. I haven't approached Mr. Hurley recently for the service, because we had a very unfortunate experience with the Frontier Club. I don't want to lose the book out there. As far as I am concerned, I can't go to those fellows and tell them they're out. Certainly we would like to have the book. We would like to have the book at the Frontier Club.

"Q. But you feel you can't have it unless you get in some of those people?

"A. Unless I have the service. And the way it was explained to me, there is no other service. Of course, that's a technicality I'm not familiar with, but I understand there is no other service for race-horse books.

"Q. So that you either take this service upon their terms, or you don't get it?

"A. That's right.

"Mr. McNAMEE. What do you mean, "their terms"?

"Mr. BIBLE. I will be glad to clear up the question. As I understand the arrangement now, the only way to get the wire service into the Golden Nugget is to have a certain percentage deal with Mr. Sedway, Mr. Rosen, and Mr. Soloway and his partners.

"Mr. THOMAS. Well, that was up to the date that the arrangement was made. Mr. Rosen made that very plain: that if they didn't have the book there would be no book."

EXHIBIT No. 50

MAY 7, 1947.

R. & H. PUBLISHERS,

Chicago, Ill.

(Attention Phil Katz.)

Order ticker to be installed at address below. Very important it be installed immediately: J. Mooney, 318 Missouri Avenue, East St. Louis, Ill.

B. WORTMAN,

Reliable News Service, Inc.

EXHIBIT No. 52

INTERVIEW WITH RICHARD M. MANGAN BY INVESTIGATOR GEORGE H. MARTIN,
NOVEMBER 6, 1950

In the course of our investigation of the activities of wigwaggers operating outside the Garden State track in Camden, N. J., Assistant Counsel Rice and this investigator set up on November 2 a surveillance of the Show Place Inn located across the highway from the track. Accompanied by two plainclothesmen em-

played at the track we seated ourselves in a car in a position in which we were able to observe the parking lot adjacent to the Show Place Inn. Shortly after 12:30 p. m. we saw a green Dodge sedan, bearing license plates Illinois 1577-202, enter the parking lot. The owner of the establishment, one Frank Manfredi, was directing cars to various parking spots at the time. The Illinois car, apparently by prearrangement, moved to a position in the rear of the lot where it would not be conspicuous. Two men who later identified themselves as Robert Egner and Richard Mangan sat in the car for approximately 10 minutes and then got out and went into the establishment.

In order to observe the operations of these two men at close range this investigator entered the establishment at 1 p. m. accompanied by an informant. Egner and Mangan were seated at the bar. Egner was eating a sandwich and Mangan was perusing several newspapers and racing sheets. Approximately at 1:05 p. m. Egner was seen to pull a roll of bills from his pocket and engage in a brief conversation with Manfredi, after which he took two or three of the bills which appeared to be in large denomination and handed them to Manfredi. This investigator was not close enough to note the denomination of the bills but is satisfied that they were \$20 bills because of the difference in the engraving on the backs.

At 1:15 p. m. Egner and an unidentified man went to the roof directly above the barroom and Mangan entered the phone booth where he placed a long-distance call collect. Two calls were made within the space of 15 minutes, the first being complete at 1:17 and the second at 1:27. On the first call at 1:17 Egner came down from the roof and handed Mangan a slip of paper while he was on the telephone. The same procedure took place on the call at 1:27. In between the two calls Mangan went to a side door leading into the parking lot from where he was able to listed to the running account of the first race. He placed his second call immediately after and when Egner arrived with the slip he was ready to give the information immediately. Having observed the routine followed by these two men in the first race of the day this investigator left the establishment and returned to Garden State to rejoin Mr. Rice.

At approximately 2:55 p. m., just as the fourth race was getting under way, Mr. Rice and this investigator returned to the Show Place Inn. Mangan was seated at the bar and Egner was on the roof. As soon as Egner came down the stairs and into the barroom he suspected that something was wrong from Mangan's demeanor. He sauntered to the side door leading into the parking lot, obviously with the intention of vanishing, but was apprehended near his car by Mr. Rice. Meanwhile this investigator served Mangan with a subpoena calling for his appearance in Washington before the committee on November 14. Mr. Rice returned to the establishment with Egner and took him to a small table in one corner for interrogation. This investigator took Mangan to a similar table on the other side of the barroom for the same purpose.

Mangan produced a driver's license which expires May 10, 1952, which shows his home address to be 4220 South Union Street, Chicago, Ill. He said he will be 28 years old in December, that he was born in Chicago and attended St. Gabriels Parochial School and Englewood High School before being employed by the Moll Tool & Die Co., 5401 Southwestern Boulevard and the Link Belt Co., Thirty-ninth and Wells Streets in Chicago. He was employed by the latter company at the time that he was called into service by the United States Army. He served 23 months in the Pacific war theater with Four Hundred and Eighty-fifth and Eight Hundred and Sixty-sixth Antiaircraft Battalions.

Mangan said that he is the youngest of nine children, that his father died when he was 4 years old, and that his mother still maintains the family home at the South Union Street address in Chicago. After being discharged from the Army Mangan obtained a job with the State of Illinois as a clerk, for which he said he was paid about \$155 a month. Mangan declared that some time in January of 1947 he was contacted by Karl Kugelberg whose address he wasn't sure about. He said Kugelberg lived somewhere in the vicinity of Fifty-fourth and Cornell Streets in Chicago and was connected with the Illinois Sporting News. Mangan said that he knew Kugelberg when he was a kid going to school. Kugelberg at that time, according to Mangan, was employed by the Racing Form. Mangan asserted that Kugelberg put him in touch with Edward Grady of the Continental Press Service and that Grady hired him. He isn't certain about Grady's address but said he believed it was 9015-30 Justine Street, Chicago. Mangan declared that Grady made the arrangement with him concerning the pay for the job and that he is receiving \$75 a week and \$42 for expenses. He said that Egner was receiving the same.

Mangan said further that he received his training in wigwagging signals and the general system of operation from Grady. This training took place in an office building in Chicago, the location of which was hazy in Mangan's mind. He said that the building was located in the 400 block of Plymouth Court and that it was a building that had an entrance on Dearborn Street in addition to the entrance on Plymouth Court. The office in which the signal training took place was on the eighth or ninth floor to the best of Mangan's recollection. He said that to reach the office he turned to the right after leaving the elevator and proceeded down the corridor until he came to the last two doors on the right-hand side. He said that he could not recall that there was any name on the doors of these two offices but he did recall roughly that Grady was the only man there at the time he was learning how to give the signals.

After completing his training Mangan said that he was given the money for train tickets to Florida. He went to the railroad station and purchased the ticket and brought the change back to Grady. This was in the latter part of January or the early part of February in 1947. Mangan said that he was instructed by Grady to contact Roscoe Odle when he arrived in Florida. He declared that he met Odle in an apartment in Coral Gables, the name of which he was not certain about. He said he believed it was the Douglas Apartments located just across the city line from Miami. Odle put him to work at Hialeah. Since that time he has worked with Odle at Tropical Park, Hialeah, Gulf Stream, Laurel, Hayre De Grace, Garden State, Bowie, Atlantic City, and Monmouth. Aside from the early part of his employment when he was paid by the Continental Press Mangan declared that he had been receiving his checks from Howard Sports in Baltimore and that the system or operation followed pretty much the same pattern as that prevailing at the Garden State at the time that Mr. Rice and this investigator served the subpoenas.

Mangan admitted having been ejected from the Garden State track last May for wigwagging activity. He said that he and Egner lived at the Plaza Hotel. Fifth and Cooper Streets, Camden, during the Garden State meeting and that they were supposed to go to Pimlico and then Bowie after that.

Mangan maintained that the arrangements for the Show Place Inn and such other places they would use in relaying the information from various tracks were all handled by Odle.

On the telephone calls to Baltimore Mangan said that both he and Egner were assigned code names. The information obtained from the telephone company on the calls made on November 1 showed that six of the calls were made by a "Mr. James" and that the sixth call was made by a "Mr. Kane." Mangan admitted that he was James and that Egner was Kane.

Mangan said that in their activities in Florida they were using a local telephone number but he insisted that he could not remember the telephone number or its location. Mangan asserted further that the calls be placed from the Show Place Inn were going to the Howard Sports in Baltimore and that Irving Scherry was on the receiving end of the calls. Mangan said that he and Egner usually resided at the Mount Royal Hotel in Baltimore when they are working the tracks in Maryland although he has stayed at the Knights of Columbus Hotel in Baltimore on some occasions.

When asked to identify others engaged in the same type of work Mangan was at first reluctant to do so. However, he did furnish three names: Stanley Loprestro, A. J. Nichols, and Richard Maloney. When asked where these men are now located Mangan said that he believed Loprestro was in New Jersey now but that Nichols and Maloney are now at Laurel. We have checked with the officials at Garden State and they have a record showing Loprestro lives at 5157 Wilton Drive, New Orleans. He is 5 feet 9 inches tall, weighs 150 pounds, has brown eyes and black hair. He was born December 14, 1921. On May 6, 1950, he was ejected from Garden State for wigwagging activities.

The track officials also have a record of a Henry C. Nichols, 616 North Ride Avenue, Chicago, Ill., who was ejected from Havre de Grace for wigwagging activities on April 19, 1949. Nichols, who was 30 years old in 1949, is described as being 5 feet 8 inches tall, weighing 140 pounds, slender build, brown eyes and brown hair, and medium complexion.

EXHIBIT No. 53

THE WESTERN UNION TELEGRAPH CO.,
New York 13, N. Y.

Hon. ESTES KEFAUVER,
*Chairman, Special Committee To Investigate Organized
Crime in Interstate Commerce,
United States Senate, Washington, D. C.*

DEAR SENATOR KEFAUVER: This is in further reference to your letter of September 15, 1950, requesting information with respect to the leasing of wire services in the State of Florida, and to the discontinuance of service to certain connections in the Miami area during the months of February and March 1949.

An over-all statement of the company's policy in regard to the leasing of telegraph facilities for private use of patrons has been completely stated in the record of the Senate Committee on Interstate and Foreign Commerce, Senate bill 3385. A further statement of the company's position in this regard was given in my letter of September 27, 1950, to you.

Briefly, private wire facilities are furnished upon reasonable request, without discrimination in favor of or against anyone desiring to utilize any of the services it offers the public, in accordance with our filed tariff regulations which provide that such facilities shall not be used for any purpose or in any manner directly or indirectly in violation of any Federal law or the laws of any States through which circuits pass or in which the equipment is located and the telegraph company reserves the right to discontinue the service to any drop or connection and to all drops and connections when it receives notice from Federal or State law enforcing agencies that service is being used contrary to law, (Western Union tariff, FCC No. 219, p. 8, exhibit No. 1 attached). Likewise, all contracts covering the furnishing of leased facilities contain similar provision. This policy is applicable and adhere to in all States including Florida, in which State, under the provisions of chapter 25016, No. 20 (House bill No. 145), effective May 4, 1949, copies of written contracts for specified intrastate leased wire services are filed by the telegraph company with the Florida Railroad and Public Utilities Commission.

With regard to the furnishing of private leased wire facilities to subscribers (lessees) in Florida during the months of February and March 1949, concerning which specific information was requested, there is submitted herewith a statement identified as exhibit No. 2, showing for each subscriber of private wire facilities carrying racing information (1) name of lessee, (2) type of lease, (3) location of connections or drops. This exhibit also shows opposite each drop or connection, the date or dates of permanent or temporary disconnections during February and March 1949, requested by the lessees. Contracts for leased wire facilities in all cases are with the lessee and tariff charges for the facilities are billed to and paid by the lessee, irrespective of the location of individual drops or connections.

As will be noted on page 1 of exhibit No. 2, 13 drops located at Miami Beach were disconnected by the telegraph company for the period February 28 to March 14, 1949, on order of the Intra-State News Service (lessee).

The circumstances surrounding the temporary disconnection of these drops have been reported as follows by our Miami, Fla., superintendent, J. L. Nowell, through whose office orders pertaining to leased facilities were placed by the Intra-State News Service.

Applications for additional circuits and drops were always submitted by the Intra-State News Service in written application form signed by Mr. Walter Haggerty on the part of the lessee. Request for temporary or permanent disconnections were usually received by Office Manager Julian W. Martin of our Miami main office, from Mr. W. G. O'Brien, Miami representative of the Intra-State News Service.

On the morning of February 28, 1949, Mr. O'Brien, of the Intra-State News, called our office manager, Mr. Martin, at Miami, on the telephone and requested that the drops at the 13 locations at Miami Beach be temporarily disconnected. This order was complied with in accordance with the request of the lessee, and these circuit drops were disconnected at our Miami central office on that date. Other disconnections were subsequently made at the request of the lessee as indicated in the exhibit. The remaining drops and connections on the lease remained intact, for use by the lessee.

It is further reported by Mr. Martin that shortly after March 1, 1949 (probably between the dates of March 1 and March 5), he was deluged with telephone calls from the terminating points of various drops in the greater Miami area (including drops located in Miami Beach and part of Broward County) making inquiries as to what was wrong with their drops as they were receiving no information and the drops appeared to be dead. As no explanation could be given by Mr. Martin, the callers in each case were referred to the Intra-State News Service (lessee), but in practically every instance Mr. Martin was informed by the callers that they had been trying to reach the Intra-State News Service but that no response was received. Mr. Martin reports that in a subsequent telephone conversation with someone at the Intra-State News Service (possibly Mr. O'Brien, but he is not certain that it was Mr. O'Brien), he was told that the reason the various drops were not getting service from them was because of the fact that the key transmitting point of the Intra-State News Service (lessee) had temporarily discontinued the transmission of any information over all circuits and to all drops throughout the entire area. On March 14 Mr. O'Brien again called Mr. Martin and requested that the circuits to the 13 drops in Miami Beach previously disconnected be reestablished. These drops were reestablished in accordance with the request of the lessee on March 14, 1949. Other drops were subsequently reestablished on request of the lessee, as indicated in the exhibit.

Since actual transmission of information on the facilities leased to the Intra-State News Service was controlled and performed by the lessee, we have no direct knowledge of the temporary discontinuance of service to the entire area as indicated in your letter, other than the information stated in the previous paragraph which was given to Mr. Martin by a representative of the Intra-State News Service.

Our records do not show that any facilities were leased to the S. & G. Syndicate under that name, nor that any of the drops or connections were in the name of the S. & G. Syndicate. All facilities disconnected by the telegraph company during the period in question were at the request of the lessee which has that right under our lease arrangements, and no facilities were arbitrarily denied by the telegraph company to any of its subscribers of leased facilities.

As will be noted in the footnote appearing on pages 9, 11, 12, 13, and 14 of exhibit No. 2, all leased facilities used for transmission of racing information in the State of Florida were discontinued on order of the Florida Railroad and Public Utility Commission and the Florida attorney general on December 12, 1949, and December 22, 1949, respectively. At the present time no facilities are being leased in the State of Florida for the transmission of racing information.

I trust this information is sufficiently complete to enable your committee to conclude its investigations with respect to this matter. We shall be glad to cooperate with the committee if further specific information is desired.

Yours very truly,

E. R. SHUTE, *Vice President.*

Exhibit No. 54

THE WESTERN UNION TELEGRAPH COMPANY—TARIFF F. C. C. No. 219

(5th Revised Page 8—Cancels 4th Revised Page 8)

LEASED FACILITIES—DEFINITIONS AND REGULATIONS

In the event of interruption to service the telegraph company will upon notice from the lessee, remove the cause of such interruption as promptly as practicable and, except where such interruption is due to negligence of the telegraph company, the telegraph company's only other obligation to the lessee will be to reduce the rental of the interrupted service in accordance with the conditions outlined herein under the heading "interruptions" in connection with the particular type of service involved.

See General Conservation Order U-6, etc.

(D)

Facilities furnished under this tariff shall not be used for any purpose or in any manner directly or indirectly in violation of any Federal law or the laws of any of the States through which the circuits pass or the equipment is located and the telegraph company reserves the right to discontinue the service to any drop or connection or to all drops and connections when it receives notice

from Federal or State law-enforcing agencies that the service is being supplied contrary to law.

In no case do the rates set forth in this tariff contemplate the furnishing of employees at the telegraph company's expense to operate the circuits or equipment in the customers' offices.

When it is necessary for any purpose to reduce the monthly rental for leased facilities to a daily, hourly, or half-hourly basis the following procedure is used:

(a) Daily rate where same number of hours charged for each day—the monthly rate is divided by the number of days charged for in the month under consideration.

(b) Daily rate where same number of hours not charged for each day—the hourly rate, determined as described in paragraph (c) below, is multiplied by the number of hours charged for on the day under consideration.

(c) Hourly rate—the monthly rate is divided by the number of hours charged for in the month under consideration.

(d) Half-hourly rate—the hourly rate is divided by 2.

Issued: September 14, 1945

Effective: October 20, 1945.

Issued by: A. J. Douglas, superintendent of tariffs, New York, N. Y.

EXHIBIT No. 55

The Western Union Telegraph Co.—Leased circuits used for the dissemination of racing information in the State of Florida during the months of February and March 1949

Lessee: Intrastate News Service, Post Office Box 933, Hollywood, Fla.

Type of leased circuit: Unequipped (voice transmission).

| Connections | Discontinued | Restored |
|--------------------------------------------------------------------------------------|---------------|---------------|
| T. Ward, Room 302, 1456 Washington Ave., Miami Beach, Fla..... | Feb. 28, 1949 | Mar. 14, 1949 |
| R. L. Barnes, Second Floor, 2000 Collins Ave., Miami Beach, Fla..... | do. | Do. |
| 1540 Washington Ave., Miami Beach, Fla..... | do. | Do. |
| 150 Washington Ave., Miami Beach, Fla..... | do. | Do. |
| 1518 Drexel Ave., Miami Beach, Fla..... | do. | Do. |
| Cromwell Hotel, Seventh Floor, 100 20th St., Miami Beach, Fla..... | do. | Do. |
| J. Scherer, Room 101, Surfside Hotel, 2457 Collins Ave., Miami Beach, Fla..... | do. | Do. |
| William Penn Hotel, 722 Washington Ave., Miami Beach, Fla..... | do. | Do. |
| Cromwell Hotel, Second Ckt, 100 20th St., Miami Beach, Fla..... | do. | Do. |
| Clinton Hotel, 825 Washington Ave., Miami Beach, Fla..... | do. | Do. |
| J. L. Chapman, Room 18, 600 Lincoln Rd., Miami Beach, Fla..... | do. | Do. |
| Sherry Frontenac Hotel, 6465 Collins Ave., Miami Beach, Fla..... | do. | Do. |
| 309 23d St., Miami Beach, Fla..... | do. | Do. |
| 249 9th St., Room 4, Miami Beach, Fla..... | | |
| Kenilworth Hotel, 10201 Collins Ave., Miami Beach, Fla..... | | |
| 622 15th St., Miami Beach, Fla..... | | |
| Eddie's News, 445 41st St., Miami Beach, Fla..... | | |
| 1674 Alton Rd., Miami Beach, Fla..... | | |
| Harry Cohen, cigar stand, New Yorker Hotel, 1611 Collins Ave., Miami Beach, Fla..... | | |
| 959 West Ave., Room 320, Miami Beach, Fla..... | | |
| Coral Reed Hotel, 3611 Collins Ave., Miami Beach, Fla..... | | |
| Max Gottman, Edwards Hotel, 953 Collins Ave., Miami Beach, Fla..... | | |
| Mac Koein, 14th and Ocean Dr., Miami Beach, Fla..... | | |
| Grand Hotel, 220 23d St., Miami Beach, Fla..... | | |
| Alamac Hotel, 1300 Collins Ave., Miami Beach, Fla..... | | |
| 318 23d St., Miami Beach, Fla..... | | |
| 1500 Michigan Ave., Room 1, Miami Beach, Fla..... | | |
| Sea View Hotel, 9909 Collins Ave., Miami Beach, Fla..... | | |
| Coronado Hotel, 8751 Collins Ave., Miami Beach, Fla..... | | |
| New Surf Hotel, 150 89th St., Miami Beach, Fla..... | | |
| Sands Hotel, 1601 Collins Ave., Miami Beach, Fla..... | | |
| Indian Queen Hotel, 3427 Indian Creek Dr., Miami Beach, Fla..... | | |
| Tony Sweet, coffee shop, Ocean Grande Hotel, 100 27th St., Miami Beach, Fla..... | | |
| Monroe Towers Hotel, 3010 Collins Ave., Miami Beach, Fla..... | | |
| 2220 Collins Ave., Miami Beach, Fla..... | | |
| 7118 Collins Ave., Miami Beach, Fla..... | | |
| Julietta Inn, Hallandale, Fla..... | | |
| Casey Bldg., United States Route 1, Hallandale, Fla..... | | |
| 2000 Hollywood Blvd., Hollywood, Fla..... | | |
| China Doll, 164 St. and Federal Highway, Hallandale, Fla..... | | |
| Spotlight Inn, Hallandale, Fla..... | | |
| Shadeley's Traller Park, Hallandale, Fla..... | | |

The Western Union Telegraph Co.—Leased circuits used for the dissemination of racing information in the State of Florida during the months of February and March 1949—Continued

| Connections | Discontinued | Restored |
|----------------------------------------------------------------|---------------|---------------|
| Graham Press, 9016 NE Sixth Ave., Miami, Fla | | |
| Circle A, Hallandale, Fla | | |
| Horseshoe Bar, Hollywood, Fla | | |
| Papa Joes, 75 Hollywood Blvd., Hollywood, Fla | | |
| Circle Bar, 2217 Hollywood Blvd., Hollywood, Fla | | |
| Room 325, Hollywood Bank Bldg., Hollywood, Fla | | |
| 1901 NE 15th Ave., Fort Lauderdale, Fla | | |
| 2802 S. Federal Highway, Fort Lauderdale, Fla | | |
| Tim's Place, 2217 Hollywood Blvd., Hollywood, Fla | | |
| 1938 Harrison St., Hollywood, Fla | | |
| Charlie's Bar, 1934 Harrison St., Hollywood, Fla | | |
| Lopez Restaurant, Hallandale, Fla | | |
| 424½ Atlantis Ave., Delray Beach, Fla | | |
| River View Club, Deerfield Beach, Fla | | |
| 1435 S. Federal Highway, Dania, Fla | | |
| Heins, 118 S. Dixie Highway, Hollywood, Fla | | |
| Seville Court, Hallandale, Fla | | |
| 518 Kale St., Hollywood, Fla | | |
| 6 Hollywood Circle, Hollywood, Fla | | |
| Pete Girodano, 2827 NW., 7th Ave., Miami, Fla | Mar. 25, 1949 | |
| 440 NW. Second Ave., Miami, Fla | | |
| Park Hotel, 243 NE. 5th St., Miami, Fla | | |
| 843 N. Miami Ave., Miami, Fla | Mar. 25, 1949 | |
| Imperial Hotel, 58 NW. 8th St., Room 199, Miami, Fla | Mar. 30, 1949 | |
| Hotel New Yorker, 1611 Collins Ave., Miami Beach, Fla | | |
| 1401 NE. 1st Ave., Miami, Fla | | |
| 250 SE. 1st St., Miami, Fla | | |
| Palm Court, 7600 NW. 27th Ave., Miami, Fla | | |
| 728 NW. 2d Ave., Miami, Fla | | |
| R. Allenberg, Room 201, Boulevard Hotel, Miami Beach, Fla | Mar. 30, 1949 | |
| Dania Beach Hotel, Dania, Fla | Mar. 29, 1949 | |
| 2024 Hollywood Blvd., Hollywood, Fla | | |
| The Diner, Hallandale, Fla | | |
| LaPorte Restaurant, Dania, Fla | Mar. 25, 1949 | |
| 101 SE. 2d Ave., Miami, Fla | | |
| 1430 NW. 1st Ct., Miami, Fla | Feb. 17, 1949 | |
| 9016 NE. 6th Ave., Miami, Fla | Feb. 7, 1949 | |
| 3155 NW. 79th St., Miami, Fla | | |
| Al Curick, 212 NE. 8th St., Miami, Fla | Mar. 2, 1949 | Apr. 1, 1949 |
| Tropical Bar and Grill, 5011 Bird Rd., Miami, Fla | Mar. 2, 1949 | Apr. 15, 1949 |
| Gulfstream Corp., 1300 NE. 2d Ave., Miami, Fla | Mar. 2, 1949 | Apr. 15, 1949 |
| 25 NW. 1st St., Miami, Fla | | |
| 223 NE. 79th St., Miami, Fla | Mar. 2, 1949 | Apr. 15, 1949 |
| 7300 Bird Rd., Miami, Fla | | |
| 212 NE. 14th St., Miami, Fla | | |
| 28 NW. 4th St., Miami, Fla | | |
| 37 NE. 1st St., Miami, Fla | | |
| 239 NE. 1 St., Miami, Fla | | |
| 6505 NW. 18th Ave., Miami, Fla | | |
| 104 NE. 8th St., Miami, Fla | | |
| 1015½ NW. 79th St., Miami, Fla | | |
| 1455 N. Miami Ave., Miami, Fla | | |
| 8727 NW. 7th Ave., Miami, Fla | | |
| 112 NE. 9th St., Miami, Fla | | |
| 2411 N. Miami Ave., Miami, Fla | | |
| 2511 NW. 2d Ave., Miami, Fla | | |
| 5846 NE. 2d Ave., Miami, Fla | | |
| 2081½ NW. 7th Ave., Miami, Fla | | |
| 223 E. Flagler St., Room 303, Miami, Fla | | |
| 7100 Biscayne Blvd., Miami, Fla | | |
| Clarence Bailey, Mary Eliz. Hotel, 220 NW. 7th St., Miami, Fla | Mar. 3, 1949 | |
| 3318 NE. 4th Ave., Hialeah, Fla | | |
| Sail Inn, 21st St. and Palm Ave., Hialeah, Fla | | |
| Boots and Saddle, 26th St. and Palm Ave., Hialeah, Fla | | |
| Zissens, 1751 N. Miami Ave., Miami, Fla | | |
| 2727 NW. 27th Ave., Miami, Fla | | |
| John Gibson, 221 NE. 2d St., Miami, Fla | | |
| 4380 SW. 8th St., Miami, Fla | | |
| 534 NW. 4th Ave., Miami, Fla | | |
| S. Jacobs, 2035 W. Flagler St., Miami, Fla | | |
| 2111 NW. 56th St., Miami, Fla | | |
| 234½ N. Miami Ave., Miami, Fla | | |
| 3012 NW. 27th Ave., Miami, Fla | | |
| J. Davis, 369 SW. 8th St., Miami, Fla | | |
| 3677 Grand Ave., Miami, Fla | | |
| 128 NE. 1st Ave., Miami, Fla | | |
| 239 NE. 1st St., Miami, Fla | | |
| 110 NE. 2d Ave., Miami, Fla | | |
| 3012 NW. 27th Ave., Miami, Fla | | |
| 7701 Bird Dr., Miami, Fla | | |
| 5722 SW. 8th St., Miami, Fla | | |

The Western Union Telegraph Co.—Leased circuits used for the dissemination of racing information in the State of Florida during the months of February and March 1949—Continued

| Connections | Discontinued | Restored |
|---------------------------------------------------------------|---------------|---------------|
| 217 NE. 1st St., Miami, Fla. | | |
| 11495 Biscayne Blvd., Miami, Fla. | | |
| 50 SE. 1st St., Miami, Fla. | | |
| 30 NE. 14th St., Miami, Fla. | | |
| 5801 NW. 22d Ave., Miami, Fla. | | |
| 2826 N. Miami Ave., Miami, Fla. | | |
| Dorn Hotel, 115 SW. 4th Ave., Miami, Fla. | | |
| 2100 NW. 27th Ave., Miami, Fla. | | |
| Mr. Miller, Room 16, 8163 NE. 2d Ave., Miami, Fla. | Mar. 2, 1949 | Apr. 11, 1949 |
| 942 NE. 1st Ave., Miami, Fla. | | |
| 5 NE. 9th St., Miami, Fla. | | |
| J & B Bar, 302 NW. 5th St., Miami, Fla. | | |
| 439 NW. 4th Ave., Miami, Fla. | | |
| Dixie Belle Inn, South Miami, Fla. | | |
| Zimmerman, 10550 Biscayne Blvd., Miami, Fla. | Mar. 15, 1949 | July 26, 1949 |
| 2703 NW. 22d St., Miami, Fla. | | |
| 1912 Red Rd., Miami, Fla. | Mar. 2, 1949 | Mar. 11, 1949 |
| Turf Club, 726 NW. 79th St., Miami, Fla. | | |
| 4252 NW. 22d Ave., Miami, Fla. | | |
| Bahamas Club, 2890 NW. 36th St., Miami, Fla. | | |
| 1027½ NW. 79th St., Miami, Fla. | Jan. 1, 1949 | Apr. 15, 1949 |
| 2783 NW. North River Dr., Miami, Fla. | | |
| 1244 NW. 79th St., Miami, Fla. | Feb. 28, 1949 | Mar. 23, 1949 |
| 2196 Red Rd., Miami, Fla. | | |
| 534 NW. 4th Ave., Miami, Fla. | | |
| 56th St. and 4th Ave., Hialeah, Fla. | | |
| 341 E. 21st St., Hialeah, Fla. | | |
| 1040 Biscayne Blvd., Miami, Fla. | | |
| Hi-Hat, 179th St. and U. S. No. 1, Ojus, Fla. | Mar. 2, 1949 | May 1, 1949 |
| Caldwell Hotel, lounge, 2d floor, 719 NW 2d Ave., Miami, Fla. | | |
| 323½ Seybold Bldg., Miami, Fla. | | |
| 10900 Biscayne Blvd., Miami, Fla. | Mar. 4, 1949 | Mar. 17, 1949 |
| 3240 NW. 27th Ave., Miami, Fla. | | |
| 11500 Biscayne Blvd., Miami, Fla. | | |
| 136 NW. 1st Ct., Miami, Fla. | | |
| 536 NW. 4th Ave., Miami, Fla. | | |
| 205 W. Flagler St., Miami, Fla. | | |
| 1238 Congress Bldg., Miami, Fla. | | |

NOTE.—The above leased circuit was permanently discontinued on order of Florida Railroad and Public Utility Commission Dec. 12, 1949.

The Western Union Telegraph Co.—Leased circuits used for the dissemination of racing information in the State of Florida during the months of February and March 1949

Lessee: Intrastate News Service, Post Office Box 933, Hollywood, Fla.
Type of leased circuit: Ticker (SA).

| Connections | Discontinued | Restored |
|----------------------------------------------------------------------------|---------------|----------|
| Boca Raton Country Club (no address), Boca Raton, Fla. | | |
| Observer, 10 North Hollywood Ave., Daytona Beach, Fla. | | |
| Harvey, A., Jr., Daily Sports Digest, Hallandale Ave., Hallandale, Fla. | | |
| Intrastate News Service, 213 W. Adams St., Jacksonville, Fla. | | |
| Chronicle Publishers, 213 W. Adams St., Jacksonville, Fla. | | |
| Intrastate News Service, Casa Marina Hotel, Key West, Fla. | | |
| Bob Herring, 605 Duval Street, Key West, Fla. | | |
| Seminole News Agency, Routes 17 and 92, Maitland, Fla. | | |
| Intrastate News Service, 136 Northwest 1st Court, Miami, Fla. | | |
| Radio Statio WMIE, Everglades Hotel, Miami, Fla. | | |
| Harvey, A., Jr., Daily Sports Digest, 136 Northwest 1st Court, Miami, Fla. | | |
| Harvey, A., Jr., Daily Sports Digest, 928 Southwest 10th St., Miami, Fla. | | |
| Harvey, A., Jr., Daily Sports Digest, 532 Northwest 4th Ave., Miami, Fla. | | |
| Graham Press, 9016 Northeast 6th Ave., Miami Shores, Fla. | | |
| Seminole News Agency, 2514 East Robinson St., Orlando, Fla. | Mar. 7, 1949 | |
| St. Augustine News, Seloy Hotel, St. Augustine, Fla. | | |
| South Bay Daily Sports (no address), South Bay, Fla. | Mar. 30, 1949 | |
| Tampa Daily Sports, 1905½ 9th St., Tampa, Fla. | | |
| The Sunshine Special TIFF, 25 Damatis Arcade, West Palm Beach, Fla. | | |

NOTE.—The above leased circuit was permanently discontinued on order of Florida Railroad and Public Utility Commission and Florida attorney general, Dec. 22, 1949.

The Western Union Telegraph Co.—Leased circuits used for the dissemination of racing information in the State of Florida during the months of February and March 1949

Lessee: Intrastate News Service, Post Office Box 933, Hollywood, Fla.
Type of leased circuit: Morse.

| Connections | Discontinued | Restored |
|------------------------------------------------------------------------------|--------------|----------|
| The River View Club (no address), Deerfield, Fla. | ----- | ----- |
| Intrastate News Service, 421½ Atlantis Ave., Delray Beach, Fla. | ----- | ----- |
| J. Boyd, Old Log Cabin, 1915 Northeast 15th Ave., Fort Lauderdale, Fla. | ----- | ----- |
| Robert Tracey, 420½ Clematis St., West Palm Beach, Fla. | ----- | ----- |

NOTE.—The above leased circuit was permanently discontinued on order of Florida Railroad and Public Utility Commission, Dec. 12, 1949.

The Western Union Telegraph Co.—Leased circuits used for the dissemination of racing information in the State of Florida during the months of February and March 1949

Lessee: Radio Program Press Service, 631 Munsey Building, Baltimore, Md.
Type of leased circuit: Morse.

| Connections | Discontinued | Restored |
|-------------------------------------------------------------------------------|---------------|----------|
| Radio Program Press Service, 631 Munsey Bldg., Baltimore, Md. | ----- | ----- |
| R. Odle, Beachway Apartments, Hallandale Rd., Hallandale, Fla. | ----- | ----- |
| R. Odle, care of Whitehouse, 341 East 21st St., Hialeah, Fla. | Mar. 3, 1949 | ----- |
| Intrastate News Service, 213 West Adams St., Jacksonville, Fla. | ----- | ----- |
| Harvey A. Jr., Daily Sports Digest, 928 Southwest 10th St., Miami, Fla. | ----- | ----- |
| Harvey A. Jr., Daily Sports Digest, 136 Northwest 1st Court, Miami, Fla. | ----- | ----- |
| Graham Press, 9016 Northeast 6th Ave., Miami Shores, Fla. | ----- | ----- |
| Al Olsen, Oldsmar, Fla. | Mar. 14, 1949 | ----- |

NOTE.—The above leased circuit was permanently discontinued on order of Florida Railroad and Public Utility Commission and Florida attorney general, Dec. 22, 1949.

The Western Union Telegraph Co.—Leased circuits used for the dissemination of racing information in the State of Florida during the months of February and March 1949

Lessee: Hollywood News Service, 213 West Adams St., Jacksonville, Fla.
Type of leased circuit: Unequipped (voice transmission).

| Connections | Discontinued | Restored |
|------------------------------------------------|---------------|----------|
| 213 West Adams St., Jacksonville, Fla. | ----- | ----- |
| 216 West Forsyth St., Jacksonville, Fla. | ----- | ----- |
| 18 Julia St., Jacksonville, Fla. | ----- | ----- |
| 21 North Ocean St., Jacksonville, Fla. | ----- | ----- |
| 219 West Bay St., Jacksonville, Fla. | ----- | ----- |
| 3 West Ashley St., Jacksonville, Fla. | ----- | ----- |
| 313 Main St., Jacksonville, Fla. | ----- | ----- |
| 114 Julia St., Jacksonville, Fla. | ----- | ----- |
| 217 West Forsyth St., Jacksonville, Fla. | ----- | ----- |
| 1051 West Bay St., Jacksonville, Fla. | ----- | ----- |
| 17 East 8th St., Jacksonville, Fla. | ----- | ----- |
| 53 East 8th St., Jacksonville, Fla. | ----- | ----- |
| 110 Hogan St., Jacksonville, Fla. | ----- | ----- |
| 1299 West Forsyth St., Jacksonville, Fla. | ----- | ----- |
| 791 West Ashley St. | Mar. 24, 1949 | ----- |

NOTE.—The above leased circuit was permanently discontinued on order of the Florida Railroad and Public Utility Commission, Dec. 12, 1949.

EXHIBIT No. 56

EUGENE BERSTEIN,
ATTORNEY AT LAW,
Chicago, July 14, 1947.

RELIABLE NEWS SERVICE,
East St. Louis, Ill.

GENTLEMEN: Enclosed please find a communication which I am advised you have agreed to sign. I suggest that the same be written on your stationery, if you have such, otherwise execute the enclosed letter and return to me.

Respectfully,

EUGENE BERNSTEIN.

EXHIBIT No. 57

DECEMBER, 28, 1950.

MEMORANDUM

To: H. G. Robinson.

From: J. N. McCormick.

Re: General News Service Bureau.

Subscriber Edward McGoldrick supplied the following information: He buys news from the Illinois Sports News located at 906 South Wabash Avenue, Chicago, Ill., for which he pays by the week. The people he does business with are James White, George Kelley, Thomas Kelley, Jr. The following accounts purchase news from the General News Service Bureau, post-office box 125, Chicago 90, Ill.:

The Nardi Club, operated by Bruno Nardi, 215 Thomas Street, Cheyenne, Wyo.

Club Flamingo, Fairview Avenue, Route 42, Kenosha, Wis.

Leon Henderson, 3810 Schaffee Street, Highway 64, Fort Smith, Ark., and Moffatt, Okla.

J. S. Strong (moved from Elk Point, S. Dak.) ; furnishes news to Sioux City, Iowa and Stevens, S. Dak.

The Ace of Spades, Southwest Fifty-seventh Street, Oakhurst and Tulsa, Okla.

Mid-West Brokerage Co., 5401 North Federal Street, Denver, Colo.

Kenosha News Co., Second Floor, Schwartz Building, Kenosha, Wis.

J. E. Barrett, Second Floor, Metropolitan Hotel, Springfield, Mo.

Thomas Publishing Co., 806 Tower Avenue, Superior, Wis.

Commercial News Co., 21 West Tenth Avenue and 1351 Washington Street, Gary, Ind.

Harris Publishing Co., 223 Bartlett Building, St. Joseph, Mo.

The Badger News Co., 152 West Wisconsin Street, room 833, Milwaukee, Wis.

The Creek Publishing Co., North Fifty-seventh Street, Oakhurst, and Tulsa, Okla.

The following accounts have purchased news from General News Service Bureau and have discontinued as of dates indicated:

F. Converse, 114½ West Second Street, Casper, Wyo. (Canceled December 12, 1950.)

Model Specialty Co., route 12 at City Limits Road, Fort Atkinson, Wis. (Canceled February 6, 1950.)

Standard Distributing Co. (formerly Harmony Publishing Co.), 511 Railway Exchange Building, Kansas City, Mo. (Canceled May 3, 1950.)

United News Service, 133 South Sixteenth Street, Lincoln, Nebr. (Canceled November 29, 1949.)

C. & C. Publishing Co., 2310 ——— Street, Omaha, Nebr. (Canceled December 1, 1949.)

Wonder Sports News, 335 South David, Casper, Wyo. (Canceled January 9, 1949.)

Fred J. Waldeman, 1221 Mary's Street, Jamesville, Wis. (Canceled February 23, 1950.)

Midwest Publishing Co., 134 Fourteenth Street, Lincoln, Nebr. (Canceled November 30, 1949.)

C. & C. Publishing Co., 2419 Broadway, Council Bluffs, Iowa (furnishes Omaha, Nebr.). (Canceled April 24, 1950.)

Cox Publishing Co., Wichita, Kans. (Canceled April 24, 1950.)

The Harmony Publishing Co. listed above was originally located at room 513, Columbia National Bank Building, started July 7, 1947. Later the Harmony Publishing Co. ordered a teletypewriter moved to room 511, Railway Exchange Building and at that time requested the General News Service Bureau to change the name of the Harmony Publishing Co. to the Standard Distributing Co. The teletypewriter was moved to 511 Railway Exchange Building and the records of the General News Service Bureau were changed. The records of the Western Union remained as the Harmony Co., just changing the new location to room 511, Railway Exchange, Kansas City.

The above information was given to the McFarland committee in May 1950 by Mr. Goldrick, general manager of said news bureau.

EXHIBIT No. 58

GEO. W. ROCHESTER,
Los Angeles 14, Calif., February 24, 1947.

TRANS-AMERICAN PUBLISHING AND NEWS SERVICE,
Chicago, Ill.

(Attention: Mr. Ralph O'Hara.)

GENTLEMEN: I presume Mr. Jack Dragna has talked by phone to you in regard to the outcome of the trial of *People v. Moran, Luczak and Sankiewicz* that was tried last Wednesday, February 19, 1947. We cannot accuse the judge of duplicity because he told us he would have to convict the defendants "for policy sake" although he doubted any legal ground for doing it, as he thinks the ordinance is obviously unconstitutional.

Therefore, we must appeal to the Superior Court of Los Angeles County, and knowing this by being forewarned we have made a splendid record by preserving every objection and legal protection for the purpose of our appeal. Never was I more convinced in any case that we will secure a reversal, when we get before the appellate department, where the law, rather than policy, will prevail.

Mr. Dragna asked me to state to you the necessary costs for the appeal to the appellate department of the superior court. You will find enclosed my statement of the costs known as of this date. If incidental expenditures arise, I will stand them because it is difficult to state exactly the definite total at this writing.

I appear before the court in Arcadia Wednesday for the necessary motions to initiate the appeal, and it should be heard in the appellate department by the middle of March.

Trusting I receive your check at your convenience, and thanking you for your prompt attention and my last letter of February 14, I remain,

Yours very truly,

GEO. W. ROCHESTER.

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Court reporter's per diem fee, February 19, 1947----- | \$20 |
| Typing by reporter of transcript of proceedings at trial, for use on appeal_ | 150 |
| For professional services—preparation of brief on appeal, reply briefs, argument before appellate court, and new trial, if ordered----- | 1,000 |
| Total----- | 1,170 |

EXHIBIT No. 59

FEBRUARY 27, 1947.

Re *People v. Moran, Luczak, & Sankiewicz*.

Mr. GEORGE W. ROCHESTER,
Lawyer, Los Angeles 14, Calif.

DEAR MR. ROCHESTER: I acknowledge receipt of your letter of February 24, but think that the fee charged for this particular case is too exorbitant, considering that the charge was a misdemeanor.

One of our representatives will be in your territory within the next 10 days or 2 weeks and will contact you.

Very truly yours,

TRANS-AMERICAN PUBLISHING AND NEWS SERVICE, INC.,
RALPH J. O'HARA.

EXHIBIT No. 60

Subject: Jones Bros., Clifford Davis, Theodore Roe, Idaho-Maine Club.

The following information was obtained from the records furnished by Theodore Roe, which sets out the gross and net earnings for the years 1939 through June 30, 1950.

| Name | Year | Gross | Net |
|---------------------------|------|--------------|--------------|
| Jones Bros..... | 1939 | | \$409,362.25 |
| Do..... | 1940 | \$547,058.27 | 546,649.66 |
| Do..... | 1941 | 1,151,801.15 | 872,759.07 |
| Do..... | 1942 | 54,597.65 | 39,403.82 |
| Idaho and Maine Club..... | 1942 | 344,319.46 | 266,881.33 |
| Jones Bros..... | 1943 | 37,365.87 | 32,251.30 |
| Idaho and Maine Club..... | 1943 | 822,680.29 | 710,026.12 |
| Jones Bros..... | 1944 | 19,946.65 | 18,675.79 |
| Idaho and Maine Club..... | 1944 | 587,685.91 | 498,005.83 |
| Do..... | 1945 | 1,122,017.58 | 973,729.53 |
| Do..... | 1946 | 1,308,164.66 | 1,120,413.87 |
| Do..... | 1947 | 1,085,349.75 | 851,978.14 |
| Do..... | 1948 | 1,269,386.60 | 997,564.41 |
| Do..... | 1949 | 1,013,734.58 | 687,011.80 |
| Do..... | 1950 | 714,468.19 | 352,449.63 |

Partners of Jones Bros. are as follows: Harriet Jones, Edward Jones, George Jones, McKassack Jones.

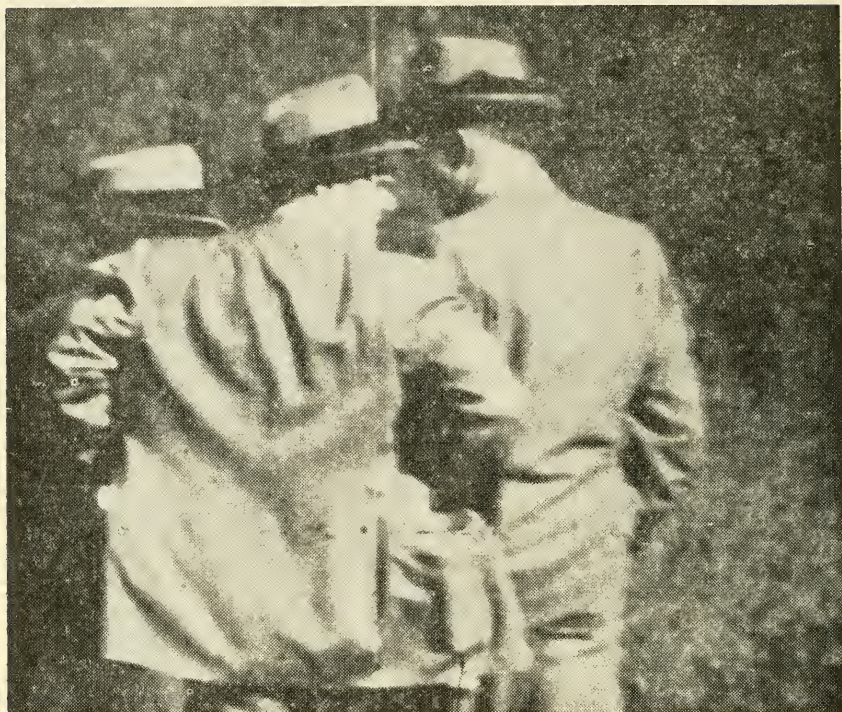
Partners of Idaho and Maine Club are as follows: Clifford Davis, Theodore Roe, George P. Jones, Edward Jones, Harriet Jones, Mack Jones (deceased).

EXHIBIT No. 61

Ohio-Idaho Club—Summary of operations by months, fiscal year ended June 30, 1949

| | In | Out | Net income | Paper and supplies | Rent and moving | Auto and machine | Light and tele-phone | Taxes | Gross pay roll | Repairs | Other | Total ex-penses | Net profit |
|-------------------|--------------|--------------|--------------|--------------------|-----------------|------------------|----------------------|----------|----------------|----------|-----------|-----------------|-------------|
| 1948—July..... | \$198,434.95 | \$404,243.37 | \$94,191.58 | \$9,105.07 | \$4,850.81 | \$3,124.48 | ----- | \$409.69 | \$17,368.00 | ----- | ----- | \$34,858.05 | \$59,333.53 |
| August..... | 499,912.10 | 394,930.42 | 104,981.68 | 700.84 | 4,374.47 | ----- | ----- | ----- | 14,171.00 | ----- | ----- | 19,246.31 | 85,735.37 |
| September..... | 514,247.35 | 427,629.96 | 86,617.39 | 5,732.59 | 4,138.18 | ----- | ----- | ----- | 14,216.00 | ----- | ----- | 24,586.77 | 62,030.62 |
| October..... | 535,449.10 | 390,139.45 | 145,309.65 | 5,000.97 | 5,912.08 | ----- | ----- | 457.95 | 17,893.00 | ----- | ----- | 29,264.00 | 116,045.05 |
| November..... | 505,180.70 | 399,741.85 | 105,438.85 | 2,500.00 | 3,932.78 | 730.98 | ----- | ----- | 14,553.00 | ----- | ----- | 21,716.76 | 83,722.09 |
| December..... | 505,573.60 | 419,674.46 | 85,899.14 | 4,614.37 | 5,940.80 | ----- | ----- | ----- | 39,235.00 | ----- | 2,000.00 | 51,810.77 | 34,088.37 |
| 1949—January..... | 445,851.10 | 334,341.19 | 111,509.91 | ----- | 3,829.47 | 367.00 | ----- | 5,676.71 | 14,268.00 | ----- | ----- | 24,141.21 | 87,368.70 |
| February..... | 402,859.34 | 367,626.90 | 35,232.44 | 2,514.06 | 3,576.86 | ----- | ----- | ----- | 14,208.00 | ----- | ----- | 20,298.92 | 14,933.52 |
| March..... | 488,083.25 | 444,591.66 | 43,491.59 | 4,679.42 | 3,876.75 | ----- | \$67.48 | ----- | 14,080.00 | ----- | 495.51 | 23,199.16 | 20,292.43 |
| April..... | 485,915.00 | 424,742.11 | 61,172.89 | ----- | 4,422.98 | 485.00 | ----- | 446.52 | 17,669.00 | \$580.00 | 515.00 | 24,118.50 | 37,054.39 |
| May..... | 445,859.05 | 334,841.76 | 111,017.29 | 2,611.41 | 3,849.99 | 214.12 | ----- | ----- | 14,172.00 | 894.51 | 7,000.00 | 28,712.03 | 82,305.26 |
| June..... | 463,405.55 | 431,533.38 | 28,872.17 | 3,585.19 | 4,833.54 | ----- | 111.72 | ----- | 17,715.00 | ----- | 1,624.85 | 27,870.30 | 1,901.87 |
| Total..... | 5,790,771.09 | 4,777,036.51 | 1,013,734.58 | 41,044.52 | 53,538.71 | 4,921.58 | 179.20 | 6,990.90 | 299,568.00 | 1,444.51 | 12,135.36 | 329,822.78 | 683,911.80 |

EXHIBIT No. 63



Pat Manno, alias Manning, Paul Jones, and Jack Knapp leaving residence of Sheriff Steve Guthrie, Dallas, Tex.

EXHIBIT No. 65

MINUTES OF MEETING OF INDUSTRY COMMITTEE ON H. R. 6736 AMERICAN COIN MACHINE MANUFACTURERS ASSOCIATION

Time: February 17, 1950, 2 p. m.

Place: O. D. Jennings' office, 4300 West Lake Street.

Present: O. D. Jennings, O. D. Jennings Co.
David MacClay, O. D. Jennings Co.
Vince Shay, Bell-O-Matic Corp.
Mel Binks, Universal Manufacturing Co.
William Ryan, Universal Manufacturing Co.
Herb Jones, Bally Manufacturing Co.
Jerry Haley, Buckley Manufacturing Co.
Rex Schrieber, H. C. Evans Co.
Martin Nelson, association attorney
Henry J. McDonald, Mills Industries, Inc., Bell-O-Matic Corp.

Mr. O. D. Jennings stated that the meeting was called for the purpose of determining the answer to the following question: Should the association await further developments on H. R. 6736, or should a plan of action be devised and executed? He stated that the committee ought to act or take no action in unity. He solicited the following opinions of the committee members present:

1. *Vince Shay*.—The committee ought not to rest on its oars but ought to conceive a plan of operation. The committee ought to consider the possibility of employing a professional representative in Washington, D. C., who would coordinate the activities of the entire industry in doing whatever had to be done to defeat the passage of H. R. 6736 and keep us advised from day to day on what was happening on the bill. Mr. Shay also pointed out that the newspaper accusation that the slot-machine business was in the hands of hoodlums ought to be disproved with the use of statistics. He stated that he had made an examination of his own records and had compiled lists of clubs to whom his machines were ordinarily sold. He stated that all other industry members ought to be able to prove the same thing with the use of their books.

2. *Mel Binks*.—The pressure for the passage of the Preston bill or a similar bill in the Senate will continue. Therefore, the industry ought to have a program. Also, considerable thought should be given to the presentation of the industry's position, and in particular to the type of statements industry members will make before either the House or Senate committee in the event the bill gets to hearing.

3. *Martin Nelson*.—From the information he has been able to obtain, it is unlikely that the Preston bill will be reached by the House Transportation Subcommittee this session of Congress. There is a possibility that a bill similar to the Preston bill will be incorporated in the bill which it is expected the Justice Department will prepare for presentation to the Senate. This latter bill is expected to be completed by April 15, as the newspapers indicated. The industry ought to concentrate on the House Subcommittee by contact and otherwise during the interval between now and April 15. The industry ought not to worry about the Senate bill until it comes up. Mr. Nelson then submitted copies of arguments he had prepared for use of members of the industry in their conversations with Congressmen. He also stated that through contacts he had in Washington, we could expect to be advised immediately in the event anything came up in connection with the Preston bill.

4. *Herb Jones*.—Mr. Jones made the following comments:

(a) The Preston bill: The bill is dormant but not dead. It may very well be made part of the broader bill which the Justice Department is preparing.

(b) Arguments against the Preston bill: All members of the industry committee ought to submit their ideas in writing on the Preston bill so that the entire committee will have the advantage of the collective thinking of the group.

(c) Contacting Congressmen: This ought to be continued, but with caution. In other words, members of the House subcommittee ought to be approached, but only if the contact made with the Congressman is extremely reliable. Congressman Beckworth, of Texas, and Congressman Ellsworth of Oregon, will be handled by Jones. The other industry committee members ought to contact the House Interstate Commerce Committeemen assigned to them. Also, each industry member should speak to the Congressman of the district in which his place of business is located.

(d) The Senator Kefauver investigation and public relations: The industry can't take the attitude that it is opposed to the Kefauver investigation. To do so would line it up with the hoodlums. However, some of the attacks to which the industry is presently being subjected could be prevented with the use of an intelligent public relations program. The industry can expect more attacks of the kind to which it is now being subjected as long as it forgets and neglects public relations. One of the troubles with the industry is that it doesn't act in unity. Also, members of the industry have consistently lied by maintaining to the public that the industry does not manufacture gambling equipment. This, of course, is not true. There ought to be an honest admission of the fact that the industry does manufacture gambling equipment. The American public on the whole almost universally uses the devices which are manufactured by the industry, but they are naturally suspicious of the people who manufacture and vend the equipment. In the future, some consideration ought to be given to a public rela-

tions program. (Vince Shay disagreed with Herb Jones' statement that the public was suspicious of the members of the industry. He pointed out that the public does dislike the racketeers and hoodlums now being talked about in the current conference in Washington, D. C.)

5. *Jerry Haley*.—He was in agreement with the opinions previously expressed to the effect that the industry ought to formulate a plan and execute it with reference to the Preston bill. He recommended that some attention ought to be paid to the provisions of the Preston bill which prohibit the shipment of slot-machine parts in interstate commerce. If the bill can't be knocked out, perhaps that part of it can be.

6. *William Ryan*.—He agreed with all other members of the committee who had expressed the necessity for unity. He stated that he thought that the ideas which had previously been expressed by members of the committee were good and that a program should be conceived and executed immediately.

7. *Rex Schrieber*.—Mr. Schrieber stated that he was in agreement with the views expressed in the meeting, and that an immediate plan was a necessity. He also submitted arguments to be used by industry members in presenting arguments to Congressmen.

8. *David MacClay*.—Mr. MacClay also expressed agreement with the ideas that had been submitted during the meeting. Mr. O. D. Jennings summarized the views expressed by the committee members and stated that apparently the thinking was that we should plan for the worst. Mr. Jennings stated that this was his thinking on the subject, too.

Mr. McDonald inquired concerning what final action was recommended by the committee as a result of the expression of its views. After discussion, it was finally determined that the course of action to be taken by the industry committee is as follows:

1. Industry committee members should see Congressmen on the House Transportation Subcommittee, providing their contacts with these Congressmen are reliable and beyond question. They should also contact the Congressmen of the district in which their plants are located.

2. They should submit their arguments against the Preston bill and similar legislation in writing by March 3, 1950, at which time another meeting will be held in the offices of Mr. O. D. Jennings. The arguments should be sent to each industry committee member as soon as they are completed.

3. Committee members should send letters to club customers, asking for information on the amount of slot-machine funds distributed to charities and charitable enterprises. The information gained from letters which the clubs return will be used in preparing statistics for the committees in Congress in the event either the Preston bill or a similar bill goes to hearing.

In closing, Mr. Jennings stated that he would like to have the thinking and agreement of all the industry members on these subjects, since he did not want to be blamed by them if anything went wrong. Mr. McDonald suggested that shortly after the March 3 meeting of the industry committee a report of all activities to date ought to be compiled and presented to a full meeting of the association. The committee agreed. The meeting was adjourned at 4:40 p. m.

EXHIBIT No. 66

Distributors-dealers of O. D. Jennings Co.

| Name | 1946 | 1947 | 1948 | 1949 | 1950 |
|-----------------------------------------------------------------------------------|------|------|------|------|------|
| Alabama: | | | | | |
| J. L. Barnes Music Co., Selma..... | | | | | X |
| Franco Distributing Co., 24 North Perry, Mont- gomery..... | X | X | X | X | X |
| Birmingham Vending Co., 2117 3d St., Birming- ham ¹ | X | X | X | | |
| Arizona: | | | | | |
| Garrison Sales, 1000 W. Washington, Phoenix..... | | | | X | X |
| P. Hawkins, 40 East 14th St., Tucson ¹ | | | X | X | X |
| Phoenix Distributing Co., 1211 North 3d St., Phoenix ¹ | X | X | | | |
| Arkansas: Arkansas-Tennessee Distributing Co., 1202 West 7th, Little Rock..... | X | X | | | |
| California: | | | | | |
| Advance Automatic Sales Co., 1350 Howard St., San Francisco..... | X | X | X | X | X |
| Jack Moore & Co., 348 6th St., San Francisco ¹ | X | X | | | |
| C. A. Robinson & Co., 2301 West Pico Blvd., Los Angeles..... | X | X | X | X | X |
| Colorado: R. F. Jones Co., 1314 Pearl St., Denver..... | X | X | X | X | X |
| Florida: | | | | | |
| Dixie Music Co., 701 North Miami Ave., Miami..... | X | X | X | X | X |
| Southern Music Co., 503 West Central Ave., Orlando ¹ | | X | X | | X |
| Georgia: | | | | | |
| Leo Belfy, Box 790..... | X | X | X | X | X |
| Heath Distributing Co., 217 Third St., Macon..... | X | X | X | X | X |
| Illinois: | | | | | |
| Atlas Novelty Co., 2200 North Western Ave., Chicago ¹ | X | X | X | X | X |
| Frithiof Burgeson, Barrington..... | X | X | X | X | X |
| Indiana: | | | | | |
| Automatic Amusement Co., 1000 Pennsylvania Ave., Evansville ¹ | | X | X | X | X |
| Fred Andersen, 1615 Altgelt St., South Bend..... | X | X | X | X | X |
| Club Distributing Co., East Pearl and Depot Sts, Batesville..... | X | X | X | X | X |
| Frank Kolar, 1606 Elwood Ave., South Bend ¹ | X | X | X | X | X |
| Kansas: | | | | | |
| L. O. David, Eldorado ¹ | X | X | | | |
| Graham & Hall, Eldorado..... | | X | X | | |
| Hall & Young, 415 North High, Eldorado..... | | | | X | X |
| Wickware Amusement Co., 110 West Monroe St., Pittsburg ¹ | X | | | | |
| Kentucky: | | | | | |
| H. M. Branson Distributing Co., 512 South 2d St., Louisville..... | X | X | X | X | X |
| Ohio Specialty Co., 539 South Second St., Louis- ville..... | | | X | X | X |
| Louisiana: | | | | | |
| Crown Novelty Co., 920 Howard St., New Orleans..... | | X | X | X | |
| Shreveport Novelty Co., 414 Crockett St., Shreveport ¹ | X | X | | | |
| W. S. Hancock, 1008 North 2d St., Monroe..... | | X | X | X | X |
| David Martin, 757 Shrewsbury Rd., New Orleans..... | | | | X | X |
| J. H. Peres Distributing Co., 2806 Canal St., New Orleans..... | X | X | X | X | X |
| Canipe Distributing Co., Shreveport ¹ | X | | | | |
| Maryland: General Vending Sales Corp., 245 West Biddle St., Baltimore..... | X | X | X | X | X |
| Massachusetts: | | | | | |
| Automatic Coin Machine Co., 338 Chestnut St., Springfield..... | X | X | X | X | X |
| Trimount Coin Machine Co., 40 Waltham St., Boston ¹ | X | X | | | |
| Michigan: | | | | | |
| Eureka Novelty Co., 413 Court St., Saginaw ¹ | X | | | | |
| Alfred Gamble, Grand River at Saginaw, East Lansing ¹ | X | | | | |
| Spann Novelty Co., 7525 Grand River Ave., Detroit ¹ | X | | | | |
| Minnesota: | | | | | |
| P. L. Burgeson, 3504 East 50th St., Minneapolis..... | X | X | X | X | X |
| LaBeau Novelty Co., 1946 University Ave., St. Paul ¹ | X | | | | |
| Mississippi: | | | | | |
| Ben Robinson, Biloxi ¹ | X | X | | | |
| J. P. Lavene Amusement, Friars Point ¹ | | | | | X |

¹ Denotes dealer.

Distributors-dealers of O. D. Jennings Co.—Continued

| Name | 1946 | 1947 | 1948 | 1949 | 1950 |
|--------------------------------------------------------------------------------------------|------|------|------|------|------|
| Missouri: | | | | | |
| Baum Distributing Co., 2718 Gravois Ave., St. Louis ¹ | X | | | | |
| Buescher Coin Machine Division, Washington ¹ | X | X | | | |
| Consolidated Distributing Co., 1910 Grand Ave., Kansas City | X | X | X | X | |
| J. Rosenfeld Co., 3218 Olive St., St. Louis | X | X | X | X | X |
| Rick Distributing Co., 3358 Main St., Kansas City ¹ | | | | X | |
| Montana: West Sales Co., 4th Ave at 32d St., Billings ¹ | | | | X | |
| Nebraska: | | | | | |
| H. Z. Vending Sales Co., Omaha | | X | X | X | |
| Kellogg Sales Co., Box 738, Grand Island ¹ | X | X | X | X | |
| Nevada: | | | | | |
| Ely Specialty Co., Ely ¹ | X | X | | | |
| Lincoln Fitzgerald, 224 North Virginia, Reno ¹ | X | X | X | X | X |
| New Jersey: Palisades Specialties Co., 498 Anderson Ave., Cliffside Park ¹ | X | | | | |
| New York: Rex Coin Machine Distributing Corp., 821 South Salina St., Syracuse ¹ | X | X | X | | |
| Ohio: | | | | | |
| Cleveland Coin Machine Exchange, 2021 Prospect Ave., Cleveland ¹ | | X | | | |
| American Vending Co., 518 South High St., Columbus ¹ | X | | | | |
| Esquire Distributing Co., 3418 Harrison, Cincinnati ¹ | X | X | X | | |
| Garfield Novelty Co., 1354 Parsons, Columbus | X | X | X | X | X |
| Royal Distributing Co., 3800 Glenmore Ave., Cincinnati ¹ | | | | X | X |
| Oregon: Western Distributors, 1226 SW. 16th Ave., Portland | X | X | X | X | X |
| Pennsylvania: | | | | | |
| Atlas Novelty Co., 2217 5th Ave., Pittsburgh ¹ | X | X | | | |
| J. J. Berchtold, 226 Chestnut St., Meadville ¹ | X | X | X | | |
| Walter Heist, 850 Locust St., Reading ¹ | X | X | X | X | X |
| George Novelty Co., 1716 Washington Ave., Northampton ¹ | X | X | | | |
| George Herbst, 905 13th St., Parkersburg, W. Va. | | | | X | X |
| Lew London, Inc., 401 North Broad St., Philadelphia | | | | X | X |
| Roth Novelty Co., 54 North Pennsylvania, Wilkes-Barre | X | X | X | X | X |
| Skill Amusement Co., 661 Northampton St., Easton ¹ | X | X | | | |
| Sam Spurrier, 318 Hamilton St., Harrisburg ¹ | X | X | X | X | X |
| Frank Zaydell, 2147 Mosser St., Williamsport ¹ | | X | X | X | |
| Tennessee: | | | | | |
| C. & P. Sales Co., 407 Madison Ave., Memphis | X | X | X | X | X |
| Automatic Sales Co., 119 3d Ave., Nashville ¹ | X | X | X | | |
| S. & M. Sales Co., 1074 Union Ave., Memphis ¹ | | X | X | | |
| Canipe Distributing Co., 1049 Union Ave., Memphis ¹ | X | | | | |
| Shearer Amusement Co., 140 North Market St., Chattanooga ¹ | X | X | | | |
| Texas: | | | | | |
| Monroe James, Bellaire ¹ | | | | | X |
| Reichel Distributing Co., 1212 North Copia, El Paso | | | X | X | X |
| Texas Consolidated Sales (coin machine sales) 3804 Travis St., Houston | | | | X | X |
| United Amusement Co., 310 South Alamo St., San Antonio ¹ | X | X | | | |
| Acme Amusement Co., 2413 North Pearl St., Dallas | X | | | | |
| Coin Operating Sales Co., 1524 Main Ave., San Antonio ¹ | X | | | | |
| General Distributing Co., 2812 Main St., Dallas ¹ | | | | | |
| Washington: | | | | | |
| A. C. Rud Co., North 12 Bernard, Spokane | X | X | X | X | X |
| Western Distributors, 3126 Elliott Ave., Seattle | | X | X | | |
| West Virginia: Shaffer Music Co., 606 High St., Columbus | X | X | X | X | |
| Wyoming: W. H. Casper Distributing Co., 627 Pilot Butte Ave., Rock Springs ¹ | | X | | X | |
| Philippine Islands: Sopic Corp., Manila | | X | X | X | X |
| Canal Zone: Irving Solovey, Ancon | | | X | | |

¹Denotes dealer.

EXHIBIT No. 68

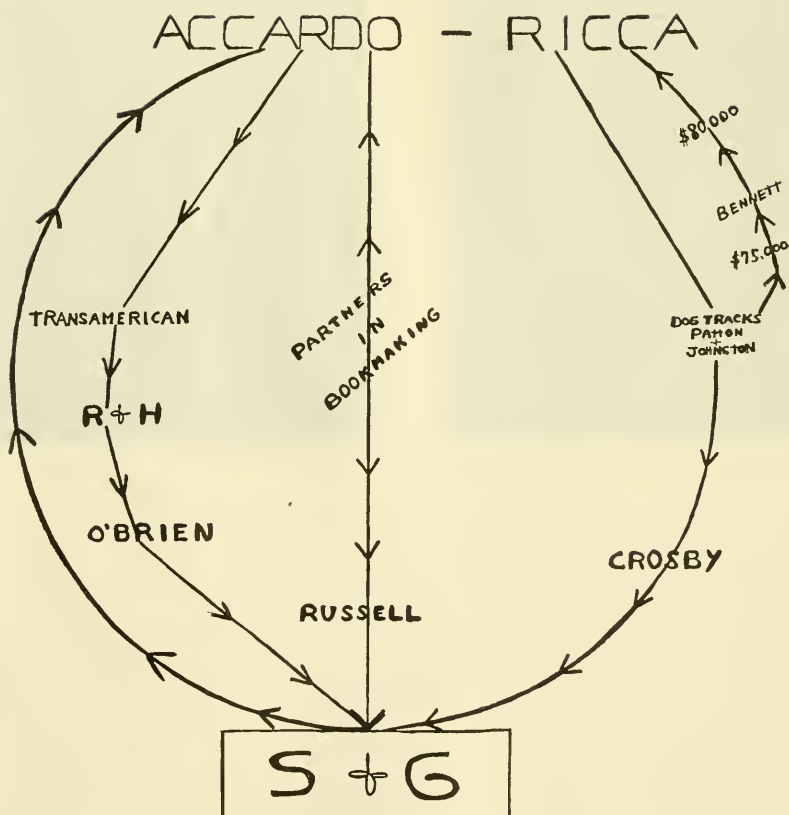
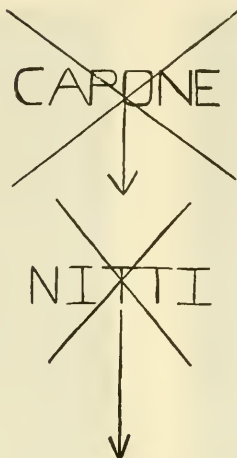
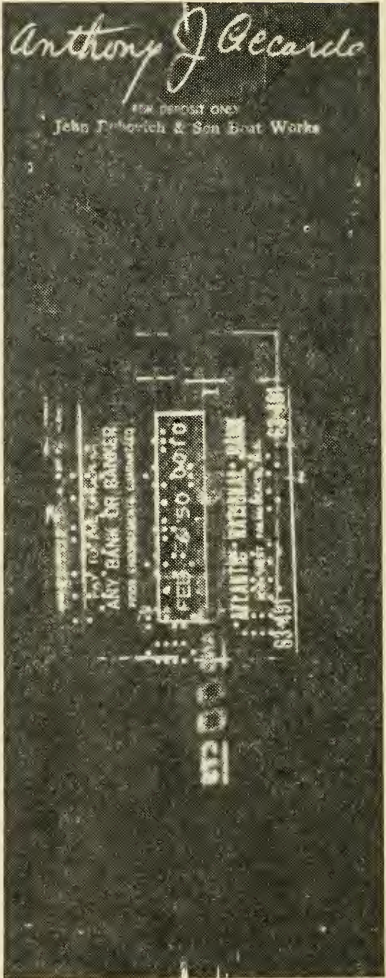
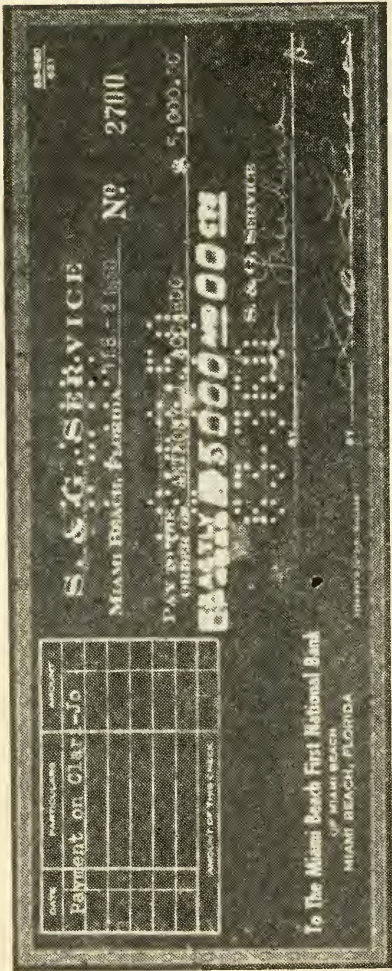


EXHIBIT No. 69



83-480
431

S. & G. SERVICE
MIAMI BEACH, FLORIDA, FEB - 1936 No. 2701

PAY TO THE ORDER OF ANTHONY J. ACCIARO \$ 5,000.00

Five Thousand and 00/100

S. & G. SERVICE

| DATE | PAY TO THE ORDER OF | AMOUNT |
|------|---------------------|--------|
| | Payment in full - | |
| | Clara L. G. | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Subscribed on this date:

To The Miami Beach First National Bank
OF MIAMI BEACH
MIAMI BEACH, FLORIDA

Anthony J. Acciario

FOR DEPOSIT ONLY
John Rebovich & Son Best Works

PAY TO THE ORDER OF
FIRST BANK OF MIAMI BEACH
FOR DEPOSIT ONLY

FEB - 1936 \$ 5,000.00

ANTHONY J. ACCIARIO

TO THE FIRST NATIONAL BANK
OF MIAMI BEACH, FL.

Five Thousand and 00/100

×

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